

COUNTY OF RICHMOND, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

COUNTY OF RICHMOND, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

COUNTY OF RICHMOND, VIRGINIA

BOARD OF SUPERVISORS

F. Lee Sanders, Chairperson

John David Parr
William C. Herbert, II

Robert B. Pemberton
Richard E. Thomas, Sr.

COUNTY SCHOOL BOARD

John A. Brown, Chairperson

Boyd K. Blackley, II
Vivian G. Wood

Kathleen F. Beane
Patricia P. Pugh

SOCIAL SERVICES BOARD

David Cordes, Chairperson

Robert B. Pemberton
Ben Sanders
Gordon Tolson

Neal Schools
Nancy Finnegan

OTHER OFFICIALS

Judge of the Circuit Court..... R. Michael McKenney
Clerk of the Circuit Court Cheryl B. Pierson
Judge of the General District Court John S. Martin
Judge of the Juvenile and Domestic Relations Court William L. Lewis
Commonwealth's Attorney..... Elizabeth Tribble
Commissioner of the Revenue Jennifer W. Delano
Treasurer Kristie S. Brann
Sheriff Stephan B. Smith
Superintendent of Schools..... James G. Smith
Director of Social Services.....Vanessa Livingstone
County Administrator R. Morgan Quicke

COUNTY OF RICHMOND, VIRGINIA
 ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	1 11
Statement of Activities	2 12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3 13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4 14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5 15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6 16
Statement of Fiduciary Net Position - Fiduciary Funds	7 17
Notes to Financial Statements	18-78
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	8 79
Sheriff's Fund	9 80
Workforce Investment Act Fund	10 81
Schedule of Changes in Net Pension Liability and Related Ratios - Primary Government	11 82
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Component Unit School Board (nonprofessional)	12 83
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan - Component Unit School Board	13 84
Schedule of Employer Contributions - Pension Plans	14 85
Notes to Required Supplementary Information - Pension Plans	15 86

COUNTY OF RICHMOND, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information:		
Schedule of County's and Component Unit School Board's Share of Net OPEB Liability - Group Life Insurance Program	16	87
Schedule of Employer Contributions - Group Life Insurance Program	17	88
Notes to Required Supplementary Information - Group Life Insurance Program	18	89
Schedule of Component Unit School Board's Share of Net OPEB Liability - Teacher Employee Health Insurance Credit (HIC) Program	19	90
Schedule of Employer Contributions - Teacher Employee Health Insurance Credit (HIC) Program - Component Unit School Board	20	91
Notes to Required Supplementary Information - Teacher Employee Health Insurance Credit (HIC) Program - Component Unit School Board	21	92
Schedule of Changes in Total OPEB Liability and Related Ratios: Primary Government	22	93
Component Unit School Board	23	94
Notes to Required Supplementary Information - Primary Government OPEB	24	95
Notes to Required Supplementary Information - Component Unit School Board OPEB	25	96
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Combining Statement of Fiduciary Net Position - Fiduciary Funds	26	97
Combining Statement of Changes in Assets and Liabilities - Agency Funds	27	98
Discretely Presented Component Unit - School Board:		
Combining Balance Sheet	28	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	29	100
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
School Operating Fund and School Cafeteria Fund	30	101-102
Discretely Presented Component Unit - Industrial Development Authority:		
Statement of Net Position	31	103
Statement of Revenues, Expenses, and Changes in Net Position	32	104
Statement of Cash Flows	33	105

COUNTY OF RICHMOND, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	106-111
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	112-115
	<u>Table</u>	<u>Page</u>
Statistical Information:		
Government-Wide information:		
Government-Wide Expenses by Function	1	116
Government-Wide Revenues	2	117
Fund information:		
General Governmental Expenditures by Function	3	118
General Governmental Revenues by Source	4	119
Property Tax Levies and Collections	5	120
Assessed Value of Taxable Property	6	121
Property Tax Rates	7	122
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	123
Compliance:		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		124-125
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		126-127
Schedule of Expenditures of Federal Awards		128-129
Notes to Schedule of Expenditures of Federal Awards		130
Schedule of Findings and Questioned Costs		131
Summary Schedule of Prior Audit Findings		132



Independent Auditors' Report

To the Honorable Members of the Board of Supervisors
County of Richmond
Warsaw, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 20 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 79-81, and 82-96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Richmond, Virginia's basic financial statements. The other supplementary information and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)

Supplementary and Other Information (Continued)

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019, on our consideration of County of Richmond, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Richmond, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Richmond, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors To the Citizens of Richmond County County of Richmond, Virginia

As management of the County of Richmond, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,157,902 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources of \$811,511 (Exhibit 5) after making contributions totaling \$4,634,068 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$1,183,961, a decrease of \$811,511 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$489,496, or 2.92% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$1,410,337 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Richmond, Virginia itself (known as the primary government), but also a legally separate school district, and industrial development authority and for which the County of Richmond, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Richmond, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Overview of the Financial Statements (Continued)

Governmental funds - *Governmental funds* are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has three major governmental funds – the General Fund, the Capital Projects Fund and the Sheriff’s Fund.

Fiduciary funds - The County is the trustee, or fiduciary, for the County’s agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County’s fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County’s government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units - School Board, and Industrial Development Authority. The Component Units do not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,157,902 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net position:

		Governmental Activities	
		2019	2018
Current and other assets	\$	2,956,838	\$ 3,882,784
Capital assets		<u>22,510,387</u>	<u>22,024,337</u>
Total assets	\$	<u>25,467,225</u>	<u>\$ 25,907,121</u>
Deferred outflows of resources	\$	<u>339,737</u>	<u>\$ 342,784</u>
Current liabilities	\$	1,675,089	\$ 1,796,004
Long-term liabilities outstanding		<u>18,253,534</u>	<u>19,663,871</u>
Total liabilities	\$	<u>19,928,623</u>	<u>\$ 21,459,875</u>
Deferred inflows of resources	\$	<u>720,437</u>	<u>\$ 358,280</u>
Net position:			
Net investment in capital assets	\$	4,979,502	\$ 4,909,357
Restricted		-	89,113
Unrestricted		<u>178,400</u>	<u>(566,720)</u>
Total net position	\$	<u>5,157,902</u>	<u>\$ 4,431,750</u>

Government-wide Financial Analysis (Continued)

The County's net position increased by \$726,152 during the current fiscal year. The following table summarizes the County's Statement of Activities.

County of Richmond, Virginia's Changes in Net Position		
	Governmental Activities	
	2019	2018
Charges for services	\$ 502,285	\$ 496,099
Operating grants and contributions	4,597,607	4,946,946
General property taxes	8,475,342	8,298,459
Other local taxes	1,712,840	1,504,943
Grants and other contributions not restricted	1,133,335	1,145,684
Other general revenues	151,263	212,604
Total revenues	\$ 16,572,672	\$ 16,604,735
General government administration	\$ 1,115,970	\$ 1,156,714
Judicial administration	676,827	702,259
Public safety	2,692,882	2,810,860
Public works	1,366,630	1,200,647
Health and welfare	1,712,735	1,655,037
Education	5,482,484	5,093,707
Parks, recreation, and cultural	150,976	142,795
Community development	2,035,917	2,181,334
Interest and other fiscal charges	612,099	676,629
Total expenses	\$ 15,846,520	\$ 15,619,982
Change in net position	\$ 726,152	\$ 984,753
Net position, beginning of year	4,431,750	3,446,997
Net position, end of year	\$ 5,157,902	\$ 4,431,750

Financial Analysis of the County's Funds

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$1,183,961, a decrease of \$811,511 in comparison with the prior year. Approximately 41.3% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

During the year, revenues and other sources were in excess of budgetary estimates by \$1,249,462. Budgetary estimates exceeded expenditures and other uses by \$111,021 resulting in a positive variance of \$1,360,483 for net change in fund balance.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2019 amounts to \$22,510,387 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$17,273,462. Of this amount, \$14,433,868 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds, capital leases and notes).

The County's total debt decreased by \$571,983 during the current fiscal year.

Additional information on the County of Richmond, Virginia's long-term debt can be found in the notes of this report.

Economic Factors and Next Year's Budgets and Rates

< Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

The fiscal year 2020 budget increased by approximately 2.7% and tax rates for all property taxes remained the same.

Requests for Information

This financial report is designed to provide a general overview of the County of Richmond, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1000, Warsaw, Virginia 22572.

County of Richmond, Virginia
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Component Units	
		School Board	IDA
ASSETS			
Cash and cash equivalents	\$ 1,925,706	\$ 136,806	\$ 59,261
Receivables (net of allowance for uncollectibles):			
Taxes receivable	279,934	-	-
Accounts receivable	58,732	5,501	-
Due from other governmental units	682,466	1,207,214	-
Inventories	-	14,120	-
Prepaid expenses	10,000	-	-
Net pension asset	-	108,305	-
Capital assets (net of accumulated depreciation):			
Land	432,644	28,062	149,907
Buildings and improvements	21,086,048	4,292,163	285,908
Machinery, equipment and vehicles	655,369	1,082,830	15,948
Construction in progress	336,326	-	-
Total assets	<u>\$ 25,467,225</u>	<u>\$ 6,875,001</u>	<u>\$ 511,024</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 303,439	\$ 1,267,928	\$ -
OPEB related items	36,298	162,731	-
Total deferred outflows of resources	<u>\$ 339,737</u>	<u>\$ 1,430,659</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 318,781	\$ 96,984	\$ -
Accrued liabilities	-	1,138,521	-
Accrued interest payable	172,780	-	-
Bonds held for others	136,627	-	-
Due to other governmental units	1,046,901	-	-
Long-term liabilities:			
Due within one year	1,061,143	65,381	-
Due in more than one year	17,192,391	11,869,451	-
Total liabilities	<u>\$ 19,928,623</u>	<u>\$ 13,170,337</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 45,489	\$ -	\$ -
Pension related items	619,223	1,367,842	-
OPEB related items	55,725	273,682	-
Total deferred inflows of resources	<u>\$ 720,437</u>	<u>\$ 1,641,524</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 4,979,502	\$ 5,307,645	\$ 451,763
Unrestricted (deficit)	178,400	(11,813,846)	59,261
Total net position	<u>\$ 5,157,902</u>	<u>\$ (6,506,201)</u>	<u>\$ 511,024</u>

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary	Component Units	
				Governmental Governmental Activities	School Board	IDA
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,115,970	\$ 2,725	\$ 226,081	\$ (887,164)		
Judicial administration	676,827	5,348	334,281	(337,198)		
Public safety	2,692,882	494,212	843,976	(1,354,694)		
Public works	1,366,630	-	1,000	(1,365,630)		
Health and welfare	1,712,735	-	1,164,204	(548,531)		
Education	5,482,484	-	-	(5,482,484)		
Parks, recreation, and cultural	150,976	-	-	(150,976)		
Community development	2,035,917	-	1,803,384	(232,533)		
Interest on long-term debt	612,099	-	224,681	(387,418)		
Total governmental activities	\$ 15,846,520	\$ 502,285	\$ 4,597,607	\$ (10,746,628)		
Total primary government	\$ 15,846,520	\$ 502,285	\$ 4,597,607			
COMPONENT UNITS:						
School Board	\$ 14,318,064	\$ 36,727	\$ 10,349,459	\$ (3,931,878)	\$ -	
IDA	46,336	39,493	-	-	(6,843)	
Total component units	\$ 14,364,400	\$ 76,220	\$ 10,349,459	\$ (3,931,878)	\$ (6,843)	
General revenues:						
General property taxes				\$ 8,475,342	\$ -	\$ -
Other local taxes:						
Local sales and use taxes				1,490,760	-	-
Other local taxes				222,080	-	-
Unrestricted revenues from use of money and property				95,241	4,391	21
Miscellaneous				56,022	166,059	1,028
Grants and contributions not restricted to specific programs				1,133,335	-	-
Contributions from Richmond County				-	4,739,403	-
Total general revenues				\$ 11,472,780	\$ 4,909,853	\$ 1,049
Change in net position				\$ 726,152	\$ 977,975	\$ (5,794)
Net position - beginning				4,431,750	(7,484,176)	516,818
Net position - ending				\$ 5,157,902	\$ (6,506,201)	\$ 511,024

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
Balance Sheet
Governmental Funds
June 30, 2019

	General <u>Fund</u>	Sheriff's <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,902,192	\$ 23,514	\$ 1,925,706
Receivables (net of allowance for uncollectibles):			
Taxes receivable	279,934	-	279,934
Accounts receivable	58,732	-	58,732
Due from other governmental units	682,466	-	682,466
Prepaid items	10,000	-	10,000
Total assets	<u>\$ 2,933,324</u>	<u>\$ 23,514</u>	<u>\$ 2,956,838</u>
LIABILITIES			
Accounts payable	\$ 318,781	\$ -	\$ 318,781
Bonds held for others	136,627	-	136,627
Due to other governmental units	1,046,901	-	1,046,901
Total liabilities	<u>\$ 1,502,309</u>	<u>\$ -</u>	<u>\$ 1,502,309</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 270,568	\$ -	\$ 270,568
Total deferred inflows of resources	<u>\$ 270,568</u>	<u>\$ -</u>	<u>\$ 270,568</u>
FUND BALANCES			
Nonspendable	\$ 10,000	\$ -	\$ 10,000
Restricted	-	23,514	23,514
Committed	8,939	-	8,939
Assigned	662,012	-	662,012
Unassigned	479,496	-	479,496
Total fund balances	<u>\$ 1,160,447</u>	<u>\$ 23,514</u>	<u>\$ 1,183,961</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,933,324</u>	<u>\$ 23,514</u>	<u>\$ 2,956,838</u>

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	1,183,961
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 33,596,708	
Accumulated depreciation	<u>(11,086,321)</u>	22,510,387
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes		225,079
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 303,439	
OPEB related items	<u>36,298</u>	339,737
Long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Lease revenue bonds	\$ (2,388,894)	
General obligations bonds	(14,433,868)	
Capital lease	(375,856)	
USDA loan	(74,844)	
Compensated absences	(165,797)	
Deferred issuance premium	(257,423)	
Net OPEB liabilities	(375,416)	
Net pension liability	(181,436)	
Accrued interest payable	<u>(172,780)</u>	(18,426,314)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (619,223)	
OPEB related items	<u>(55,725)</u>	(674,948)
Net position of governmental activities		<u>\$ 5,157,902</u>

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General <u>Fund</u>	Workforce Investment <u>Act Fund</u>	Sheriff's <u>Fund</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 8,449,105	\$ -	\$ -	\$ 8,449,105
Other local taxes	1,712,840	-	-	1,712,840
Permits, privilege fees, and regulatory licenses	57,859	-	-	57,859
Fines and forfeitures	42,323	-	-	42,323
Revenue from the use of money and property	95,241	-	-	95,241
Charges for services	402,103	-	-	402,103
Miscellaneous	56,022	-	-	56,022
Recovered costs	799,298	-	-	799,298
Intergovernmental:				
Commonwealth	3,054,153	-	-	3,054,153
Federal	873,405	1,803,384	-	2,676,789
Total revenues	<u>\$ 15,542,349</u>	<u>\$ 1,803,384</u>	<u>\$ -</u>	<u>\$ 17,345,733</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,129,077	\$ -	\$ -	\$ 1,129,077
Judicial administration	594,757	-	-	594,757
Public safety	3,137,698	-	-	3,137,698
Public works	1,029,423	-	-	1,029,423
Health and welfare	2,546,282	-	-	2,546,282
Education	4,644,778	-	-	4,644,778
Parks, recreation, and cultural	152,620	-	-	152,620
Community development	241,627	1,803,384	-	2,045,011
Nondepartmental	68,228	-	-	68,228
Capital projects	1,569,947	-	-	1,569,947
Debt service:				
Principal retirement	956,983	-	-	956,983
Interest and other fiscal charges	667,440	-	-	667,440
Total expenditures	<u>\$ 16,738,860</u>	<u>\$ 1,803,384</u>	<u>\$ -</u>	<u>\$ 18,542,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,196,511)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,196,511)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of USDA loan	\$ 35,000	\$ -	\$ -	\$ 35,000
Issuance of capital lease	350,000	-	-	350,000
Total other financing sources (uses)	<u>\$ 385,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,000</u>
Net change in fund balances	\$ (811,511)	\$ -	\$ -	\$ (811,511)
Fund balances - beginning	1,971,958	-	23,514	1,995,472
Fund balances - ending	<u>\$ 1,160,447</u>	<u>\$ -</u>	<u>\$ 23,514</u>	<u>\$ 1,183,961</u>

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (811,511)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlay exceeded capital depreciation in the current period.

Capital outlay	\$ 1,483,973	
Depreciation expense	(892,588)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government	(105,335)	486,050

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		26,237
----------------	--	--------

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect differences in the treatment of long-term obligations and related items. The following is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$ 376,976	
Principal retirement on general obligation bonds	553,437	
Principal retirement on capital lease	16,774	
Principal retirement on USDA loans	9,796	
Issuance of capital lease	(350,000)	
Issuance of USDA loan	(35,000)	571,983

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Amortization of bond premium	\$ 59,192	
Pension expense	390,632	
OPEB expense	11,524	
Change in compensated absences	(4,104)	
Change in accrued interest payable	(3,851)	453,393

Change in net position of governmental activities		\$ 726,152
---	--	------------

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 824,145
Total assets	\$ 824,145
 LIABILITIES	
Accounts payable	\$ 8,018
Amounts held for social services clients	11,905
Amounts held for Northern Neck Regional Vocational Center	300,320
Amounts held for Northern Neck Regional Special Education Program	503,902
Total liabilities	\$ 824,145

The notes to the financial statements are an integral part of this statement.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2019

Note 1—Summary of Significant Accounting Policies:

The County of Richmond, Virginia (the "County") is governed by an elected five-member Board of Supervisors. The County provides a full range of services for its citizens. These services include police, refuse disposal, recreational activities, cultural events, education, and social services.

The financial statements of the County of Richmond, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (governmental activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1—Summary of Significant Accounting Policies: (Continued)

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the governmental funds.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Richmond (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit.

The County has no blended component units at June 30, 2019.

Discretely Presented Component Units.

The Richmond County School Board members are appointed by the Richmond County School Board Selection Commission. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2019.

The Richmond County Industrial Development Authority is responsible for industrial and commercial development in the County. The Board of Supervisors appoints the Authority board members. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2019. The Authority does not issue a separate financial report.

C. Other Related Organizations Included in the County's Financial Report

None

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the following governmental funds.

a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund.

b. Special Revenue Funds

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only two special revenue funds are the Sheriff's Fund and the Workforce Investment Act Fund, which are considered major funds.

2. Fiduciary Funds - (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The County's Agency Funds include Library, Special Welfare, Local Sales Tax, Northern Neck Regional Vocational Center, and Northern Neck Regional Special Education Program. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation, but have no measurement focus. Fiduciary funds are not included in the government-wide financial statements.

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

F. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$69,805 at June 30, 2019 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Note 1—Summary of Significant Accounting Policies: (Continued)

H. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings	50
Building improvements	50
Vehicles	5
Buses	10
Equipment	10

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Note 1—Summary of Significant Accounting Policies: (Continued)

L. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, Teacher HIC and Medical and Dental Pay-As-You-Go OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

P. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Note 1—Summary of Significant Accounting Policies: (Continued)

P. Fund Balance (Continued)

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	<u>General</u>	<u>Sheriff's Fund</u>	<u>Total</u>
Fund balances:			
Nonspendable:			
Prepaid items	\$ 10,000	\$ -	\$ 10,000
Total restricted fund balance	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>
Restricted:			
Drug seizure	\$ -	\$ 23,514	\$ 23,514
Total restricted fund balance	<u>\$ -</u>	<u>\$ 23,514</u>	<u>\$ 23,514</u>
Committed:			
Courthouse maintenance	\$ 8,939	\$ -	\$ 8,939
Total committed fund balance	<u>\$ 8,939</u>	<u>\$ -</u>	<u>\$ 8,939</u>
Assigned:			
Reassessment fund	\$ 105,888	\$ -	\$ 105,888
Asset forfeiture	16	-	16
Bond holding fund	136,627	-	136,627
Central accounting system	125,000	-	125,000
Capital improvement fund	55,604	-	55,604
Ambulance fund	50,000	-	50,000
Animal shelter	188,877	-	188,877
Total assigned fund balance	<u>\$ 662,012</u>	<u>\$ -</u>	<u>\$ 662,012</u>
Unassigned	\$ 479,496	\$ -	\$ 479,496
Total fund balances	<u><u>\$ 1,160,447</u></u>	<u><u>\$ 23,514</u></u>	<u><u>\$ 1,183,961</u></u>

Note 1—Summary of Significant Accounting Policies: (Continued)

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and prepaid amounts on next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Note 2—Stewardship, Compliance, and Accounting:

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 2—Stewardship, Compliance, and Accounting: (Continued)

Expenditures and Appropriations

Expenditures exceeded appropriations in the School Operating Fund at June 30, 2019.

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2019 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Rating</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 7,591
Virginia Investment Pool	25,971
Total	<u>\$ 33,562</u>

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>	
	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ 7,591	\$ 7,591
Virginia Investment Pool	25,971	25,971
Total	<u>\$ 33,562</u>	<u>\$ 33,562</u>

External Investment Pools

The value of the positions of the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the VML/VACO Investment Pool investment at the net asset value (NAV).

Redemption Restrictions

VML/VACO Virginia Investment Pool allows the authority to have the option to have access to withdrawal funds twice a month with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

The remainder of this page left blank intentionally

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 4—Due from/to Other Governments:

At June 30, 2019, amounts due from other governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Richmond, Virginia	\$ -	\$ 1,046,901
Commonwealth of Virginia:		
Mobile home titling tax	1,508	-
Motor vehicle carriers' tax	493	-
Recordation tax	3,144	-
Rolling stock tax	615	-
Welfare	25,917	-
State sales Tax	-	149,265
Local sales tax	233,508	-
Constitutional officer reimbursements	95,268	-
Victim witness	3,636	-
Comprehensive services act	67,166	-
Communications tax	41,631	-
Wireless grant	6,952	-
Other state funds	708	-
Federal Government:		
School fund grants	-	11,048
QSCB interest rate subsidy	142,235	-
Victim witness	10,908	-
Ground transportation safety grant	2,010	-
Welfare	46,767	-
Total due from other governments	<u>\$ 682,466</u>	<u>\$ 1,207,214</u>

At June 30, 2019, amounts due to other local governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Richmond County School Board	\$ 1,046,901	\$ -
	<u>\$ 1,046,901</u>	<u>\$ -</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Primary Government:</i>				
Capital assets not subject to depreciation:				
Land	\$ 432,644	\$ -	\$ -	\$ 432,644
Construction in Progress	1,414,705	1,855,054	2,933,433	336,326
Total capital assets not subject to depreciation	<u>\$ 1,847,349</u>	<u>\$ 1,855,054</u>	<u>\$ 2,933,433</u>	<u>\$ 768,970</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 6,588,890	\$ 2,442,944	\$ -	\$ 9,031,834
Machinery, equipment, and vehicles	2,701,930	119,408	-	2,821,338
Jointly owned assets	21,127,634	-	153,068	20,974,566
Total capital assets subject to depreciation	<u>\$ 30,418,454</u>	<u>\$ 2,562,352</u>	<u>\$ 153,068</u>	<u>\$ 32,827,738</u>
Accumulated depreciation:				
Buildings and improvements	\$ 2,194,444	\$ 185,211	\$ -	\$ 2,379,655
Machinery, equipment, and vehicles	1,906,693	259,276	-	2,165,969
Jointly owned assets	6,140,329	448,101	47,733	6,540,697
Total accumulated depreciation	<u>\$ 10,241,466</u>	<u>\$ 892,588</u>	<u>\$ 47,733</u>	<u>\$ 11,086,321</u>
Total capital assets subject to depreciation, net	<u>\$ 20,176,988</u>	<u>\$ 1,669,764</u>	<u>\$ 105,335</u>	<u>\$ 21,741,417</u>
Governmental activities capital assets, net	<u>\$ 22,024,337</u>	<u>\$ 3,524,818</u>	<u>\$ 3,038,768</u>	<u>\$ 22,510,387</u>

The remainder of this page left blank intentionally

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 5—Capital Assets: (Continued)

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land	\$ 28,062	\$ -	\$ -	\$ 28,062
Total capital assets not subject to depreciation	<u>\$ 28,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,062</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 245,863	\$ 490,489	\$ -	\$ 736,352
Machinery, equipment, and vehicles	3,481,246	145,667	-	3,626,913
Jointly owned assets	5,121,111	-	(153,068)	5,274,179
Total capital assets subject to depreciation	<u>\$ 8,848,220</u>	<u>\$ 636,156</u>	<u>\$ (153,068)</u>	<u>\$ 9,637,444</u>
Accumulated depreciation:				
Buildings and improvements	\$ 51,626	\$ 22,046	\$ -	\$ 73,672
Machinery, equipment, and vehicles	2,321,540	222,543	-	2,544,083
Jointly owned assets	1,488,348	108,615	(47,733)	1,644,696
Total accumulated depreciation	<u>\$ 3,861,514</u>	<u>\$ 353,204</u>	<u>\$ (47,733)</u>	<u>\$ 4,262,451</u>
Total capital assets subject to depreciation, net	<u>\$ 4,986,706</u>	<u>\$ 282,952</u>	<u>\$ (105,335)</u>	<u>\$ 5,374,993</u>
Governmental activities capital assets, net	<u>\$ 5,014,768</u>	<u>\$ 282,952</u>	<u>\$ (105,335)</u>	<u>\$ 5,403,055</u>

The remainder of this page left blank intentionally

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 5—Capital Assets: (Continued)

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Component Unit-Industrial Development Authority:</i>				
Capital assets not subject to depreciation:				
Land	\$ 149,907	\$ -	\$ -	\$ 149,907
Total capital assets not subject to depreciation	\$ 149,907	\$ -	\$ -	\$ 149,907
Capital assets subject to depreciation:				
Buildings and improvements	\$ 598,470	\$ -	\$ -	\$ 598,470
Machinery, equipment, and vehicles	14,700	12,585	-	27,285
Total capital assets subject to depreciation	\$ 613,170	\$ 12,585	\$ -	\$ 625,755
Accumulated depreciation:				
Buildings and improvements	\$ 300,593	\$ 11,969	\$ -	\$ 312,562
Machinery, equipment, and vehicles	5,880	5,457	-	11,337
Total accumulated depreciation	\$ 306,473	\$ 17,426	\$ -	\$ 323,899
Total capital assets subject to depreciation, net	\$ 306,697	\$ (4,841)	\$ -	\$ 301,856
Business-type activities capital assets, net	\$ 456,604	\$ (4,841)	\$ -	\$ 451,763

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 11,841
Judicial administration	137,714
Public safety	126,949
Public works	151,523
Health and welfare	14,135
Education	448,101
Community development	2,325
Total Governmental activities	\$ 892,588
Component Unit - School Board	\$ 353,204
Component Unit - Industrial Development Authority	\$ 17,426

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 6—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2019:

	Balance at July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2019	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 161,693	\$ 20,273	\$ 16,169	\$ 165,797	\$ 16,580
Lease revenue bonds	2,765,870	-	376,976	2,388,894	388,894
Direct borrowings:					
USDA loans	49,640	35,000	9,796	74,844	11,209
Capital leases	42,630	350,000	16,774	375,856	83,143
Add deferred amounts:					
Issuance premium	44,049	-	44,049	-	-
Net pension liability	947,675	1,326,328	2,092,567	181,436	-
Net OPEB liabilities	392,443	63,455	80,482	375,416	-
Total incurred by County	\$ 4,404,000	\$ 1,795,056	\$ 2,636,813	\$ 3,562,243	\$ 499,826
Incurred by School Board:					
General obligation bonds	\$ 14,987,305	\$ -	\$ 553,437	\$ 14,433,868	\$ 561,317
Add deferred amounts:					
Issuance premium	272,566	-	15,143	257,423	-
Total incurred by School Board	\$ 15,259,871	\$ -	\$ 568,580	\$ 14,691,291	\$ 561,317
Total Governmental Activities Obligations	\$ 19,663,871	\$ 1,795,056	\$ 3,205,393	\$ 18,253,534	\$ 1,061,143

The remainder of this page left blank intentionally.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	County Obligations			
	Lease Revenue Bonds		Direct Borrowings	
	Principal	Interest	USDA Loan Principal	Interest
2020	\$ 388,894	\$ 53,364	\$ 11,209	\$ 2,267
2021	96,000	44,800	11,578	1,898
2022	109,000	42,650	11,960	1,516
2023	112,000	40,208	12,355	1,121
2024	112,000	37,699	6,245	794
2025	124,000	35,190	5,247	621
2026	127,000	32,413	5,420	448
2027	131,000	29,568	5,599	269
2028	188,000	26,634	5,231	91
2029	193,000	22,422	-	-
2030	196,000	18,099	-	-
2031	199,000	13,709	-	-
2032	204,000	9,251	-	-
2033	209,000	4,682	-	-
Total	<u>\$ 2,388,894</u>	<u>\$ 410,689</u>	<u>\$ 74,844</u>	<u>\$ 9,025</u>

The remainder of this page left blank intentionally.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2020	\$ 561,317	\$ 490,311
2021	854,559	479,877
2022	869,559	463,086
2023	884,558	447,312
2024	899,558	434,481
2025	900,526	424,226
2026	910,526	414,324
2027	920,526	403,629
2028	883,467	386,478
2029	903,467	365,583
2030	923,467	346,979
2031	943,467	327,763
2032	963,467	307,939
2033	983,467	287,503
2034	1,003,467	266,459
2035	1,028,470	127,891
Total	<u>\$ 14,433,868</u>	<u>\$ 5,973,841</u>

The remainder of this page left blank intentionally.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations:

	<u>Total Amount</u>
<u>Incurring by County:</u>	
<u>Lease Revenue Bonds:</u>	
\$2,660,000 VRA refunding bonds issued November 17, 2011, due in annual principal installments through November 1, 2019, interest payable semi-annually at various rates.	\$ 385,000
\$59,800 USDA revenue bonds issued January 29, 2010, due in monthly principal installments through December 19, 2019, interest payable monthly at 4%.	3,894
\$2,000,000 lease revenue bond issued July 1, 2017, due in annual principal installments through June 30, 2033, interest payable monthly at 2.24%.	<u>2,000,000</u>
Total Lease Revenue Bonds	<u>\$ 2,388,894</u>
<u>Direct Borrowings:</u>	
<u>USDA Loans:</u>	
\$50,000 USDA loan issued May 8, 2018, due in monthly installments of \$489 through May 8, 2028 with interest due at 3.25%.	\$ 45,322
\$35,000 USDA loan issued August 21, 2018, due in monthly installments of \$634 through August 21, 2023 with interest due at 3.25%.	<u>29,522</u>
Total Direct Borrowings	<u>\$ 74,844</u>
<u>Capital Leases:</u>	
\$83,000 capital lease issued July 16, 2015, due in semi-annual installments of \$8,808 through July 2020. Interest at 2.189%.	\$ 25,856
\$350,000 capital lease issued July 1, 2018, due in varying annual installments through July 1, 2023. Interest at 3.13%.	<u>350,000</u>
Total Capital Leases	<u>\$ 375,856</u>
Compensated absences (payable by General Fund)	<u>\$ 165,797</u>
Net pension liability	<u>\$ 181,436</u>
Net OPEB liabilities (payable by General Fund)	<u>\$ 375,416</u>
Total incurred by County	<u>\$ 3,562,243</u>

The County's outstanding direct borrowings related to governmental activities of \$74, 844 contain a provision that in the event of default, outstanding amounts become immediately due if the County is unable to make payment.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Incurred by School Board:

General Obligation Bonds:

\$2,500,000 School bonds issued September 1, 2010, due in annual principal installments of \$147,059 through September 1, 2026. This bond is interest-free.	\$ 1,176,470
\$6,085,183 School bonds issued October 31, 2012, due in varying annual installments of principal and interest through December 1, 2034, interest payable semi-annually at the rate of 3.84% per annum.	5,172,398
\$8,770,000 School bonds issued November 15, 2012, due in varying annual installments of principal and interest through July 15, 2034, interest payable semi-annually ranges from 2.05% to 5.05%.	8,085,000
Total General Obligation Bonds	<u>\$ 14,433,868</u>
Bond issuance premium	<u>\$ 257,423</u>
Total incurred by School Board	<u>\$ 14,691,291</u>
Total Long-Term Obligations, Primary Government	<u>\$ 18,253,534</u>

Component Unit-School Board:

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2019:

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 150,445	\$ 53,843	\$ 15,045	\$ 189,243	\$ 18,924
Capital leases	132,383	147,000	183,973	95,410	46,457
Net pension liabilities	10,272,000	1,968,000	2,666,000	9,574,000	-
Net OPEB liabilities	2,282,358	257,007	463,186	2,076,179	-
Total Component Unit-School Board	<u>\$ 12,837,186</u>	<u>\$ 2,425,850</u>	<u>\$ 3,328,204</u>	<u>\$ 11,934,832</u>	<u>\$ 65,381</u>

The remainder of this page left blank intentionally.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 6—Long-Term Obligations: (Continued)

Component Unit-School Board: (Continued)

Details of Long-Term Obligations:

	<u>Total Amount</u>
<i><u>Incurred by School Board:</u></i>	
<u>Capital Lease:</u>	
\$147,000 capital lease (payable from the School Fund) issued May 24, 2019, due in annual installments of \$51,588 through May 2021. Interest at 0.0%.	\$ 95,410
Compensated absences	\$ 189,243
Net pension liability	\$ 9,574,000
Net OPEB liabilities	\$ 2,076,179
Total incurred by School Board	<u>\$ 11,934,832</u>

Note 7—Capital Leases:

The government has entered into lease agreements as lessee for financing the acquisition of voting machines, public service equipment (E-911 radios), and computers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Asset:		
Voting machines	\$ 73,860	\$ -
E-911 radios	336,326	-
Computers	-	147,000
Less: Accumulated depreciation	(59,088)	-
Total	\$ 351,098	\$ 147,000

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 7—Capital Leases: (Continued)

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2019 are as follows:

Year Ended June 30	Primary Government	Component Unit School Board
2020	\$ 94,541	\$ 51,588
2021	85,697	51,588
2022	76,761	-
2023	76,570	-
2024	76,316	-
Total minimum lease payments	\$ 409,885	\$ 103,176
Less: amount representing interest	(34,029)	(7,766)
Present value of minimum lease payments	<u>\$ 375,856</u>	<u>\$ 95,410</u>

Note 8—Unearned and Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future reporting periods are deferred. Unearned and unavailable/deferred revenue is comprised of the following:

Unavailable Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$225,079 at June 30, 2019.

Unavailable Prepaid Property Taxes - Property taxes due subsequent to June 30, 2019 but paid in advance by the taxpayers totaled \$45,489 at June 30, 2019.

Note 9—Commitments and Contingent Liabilities:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

Note 10—Litigation:

At June 30, 2019, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 11—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the VACO Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays VACO contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 12—Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

Note 12—Pension Plans: (Continued)

Benefit Structures (Continued)

- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Note 12—Pension Plans: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	40	7
Inactive members:		
Vested inactive members	11	1
Non-vested inactive members	17	3
Inactive members active elsewhere in VRS	49	2
Total inactive members	77	6
Active members	66	2
Total covered employees	183	15

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County’s contractually required employer contribution rate for the year ended June 30, 2019 was 10.42% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$300,679 and \$305,935 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 0.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

Note 12—Pension Plans: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$314 and \$212 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL(A)) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County’s and Component Unit School Board’s (nonprofessional) net pension liability (asset) were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liability (asset) were determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

The remainder of this page left blank intentionally.

Note 12—Pension Plans: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

The remainder of this page left blank intentionally.

Note 12—Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 13,706,124	\$ 12,758,449	\$ 947,675
Changes for the year:			
Service cost	\$ 382,865	\$ -	\$ 382,865
Interest	934,448	-	934,448
Differences between expected and actual experience	(703,238)	-	(703,238)
Contributions - employer	-	305,935	(305,935)
Contributions - employee	-	143,277	(143,277)
Net investment income	-	940,117	(940,117)
Benefit payments, including refunds of employee contributions	(713,742)	(713,742)	-
Administrative expenses	-	(8,182)	8,182
Other changes	-	(833)	833
Net changes	\$ (99,667)	\$ 666,572	\$ (766,239)
Balances at June 30, 2018	\$ 13,606,457	\$ 13,425,021	\$ 181,436

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 12—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 638,073	\$ 810,690	\$ (172,617)
Changes for the year:			
Service cost	\$ 7,885	\$ -	\$ 7,885
Interest	43,248	-	43,248
Differences between expected and actual experience	74,734	-	74,734
Contributions - employer	-	20	(20)
Contributions - employee	-	3,021	(3,021)
Net investment income	-	59,097	(59,097)
Benefit payments, including refunds of employee contributions	(40,488)	(40,488)	-
Administrative expenses	-	(531)	531
Other changes	-	(52)	52
Net changes	<u>\$ 85,379</u>	<u>\$ 21,067</u>	<u>\$ 64,312</u>
Balances at June 30, 2018	<u>\$ 723,452</u>	<u>\$ 831,757</u>	<u>\$ (108,305)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability (Asset)	\$ 1,833,305	\$ 181,436	\$ (1,192,745)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (24,544)	\$ (108,305)	\$ (178,767)

Note 12—Pension Plans: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$89,953) and \$55,619 respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,760	\$ 479,498	\$ -	\$ -
Change of assumptions	-	35,974	-	-
Net difference between projected and actual earnings on pension plan investments	-	103,751	-	4,842
Employer contributions subsequent to the measurement date	300,679	-	314	-
Total	\$ 303,439	\$ 619,223	\$ 314	\$ 4,842

\$300,679 and \$314 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2020	\$ (229,956)	\$ 4,106
2021	(241,351)	217
2022	(133,836)	(8,429)
2023	(11,320)	(736)
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,075,614 and \$1,053,012 for the years ended June 30, 2019 and June 30, 2018, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the school division reported a liability of \$9,574,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.08141% as compared to 0.08353% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$497,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

The remainder of this page left blank intentionally.

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 818,000
Change of assumptions	114,000	-
Net difference between projected and actual earnings on pension plan investments	-	203,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	78,000	342,000
Employer contributions subsequent to the measurement date	<u>1,075,614</u>	<u>-</u>
Total	<u>\$ 1,267,614</u>	<u>\$ 1,363,000</u>

\$1,075,614 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2020	\$ (197,000)
2021	(279,000)
2022	(471,000)
2023	(159,000)
2024	(65,000)

The remainder of this page left blank intentionally.

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The remainder of this page left blank intentionally.

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	46,679,555
Plan Fiduciary Net Position		<u>34,919,563</u>
Employers' Net Pension Liability (Asset)	\$	<u><u>11,759,992</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Sensitivity of the School Division’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 14,624,000	\$ 9,574,000	\$ 5,393,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 303,439	\$ 619,223	\$ 181,436	\$ (89,953)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	314	4,842	(108,305)	55,619
School Board Professional	-	-	-	-	1,267,614	1,363,000	9,574,000	497,000
Totals	<u>\$ 303,439</u>	<u>\$ 619,223</u>	<u>\$ 181,436</u>	<u>\$ (89,953)</u>	<u>\$ 1,267,928</u>	<u>\$ 1,367,842</u>	<u>\$ 9,465,695</u>	<u>\$ 552,619</u>

Note 13—Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the County were \$15,298 and \$15,156 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the GLI Program from the Component Unit School Board professional group were \$36,419 and \$34,574 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the GLI Program from the Component Unit School Board nonprofessional group were \$424 and \$337 for the years ended June 30, 2019 and June 30, 2018, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

At June 30, 2019, the County reported a liability of \$233,000 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$527,000 and \$6,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the County's proportion was 0.01533% as compared to 0.01460% at June 30, 2017. At June 30, 2018, the Component Unit School Board professional and nonprofessional groups' proportion were 0.03470% and 0.00034%, respectively as compared to 0.03578% and 0.00039%, respectively at June 30, 2017.

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$4,000. For the year ended June 30, 2019, the Component Unit School Board professional group recognized GLI OPEB expense of \$3,000. For the year ended June 30, 2019, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of (\$1,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (Continued)

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,000	\$ 3,000	\$ 26,000	\$ 10,000	\$ -	\$ -
Net difference between projected and actual earnings on GLI OPEB program investments	-	8,000	-	17,000	-	-
Change of assumptions	-	10,000	-	22,000	-	-
Changes in proportionate share	10,000	-	8,000	15,000	-	-
Employer contributions subsequent to the measurement date	15,298	-	36,419	-	424	-
Total	\$ 36,298	\$ 21,000	\$ 70,419	\$ 64,000	\$ 424	\$ -

\$15,298, \$36,419 and \$424, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2020	\$ (1,000)	\$ (9,000)	\$ -
2021	(1,000)	(9,000)	-
2022	(1,000)	(9,000)	-
2023	1,000	(4,000)	-
2024	2,000	(1,000)	-
Thereafter	-	2,000	-

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
	<u> </u>
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	<u>1,594,773</u>
Employers' Net GLI OPEB Liability (Asset)	<u><u>\$ 1,518,735</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

The remainder of this page left blank intentionally.

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System’s investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 305,000	\$ 233,000	\$ 175,000
Component School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 689,000	\$ 527,000	\$ 396,000
Component School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 7,000	\$ 6,000	\$ 4,000

GLI Program Fiduciary Net Position

Detailed information about the GLI Program’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Program OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$83,888 and \$80,910 for the years ended June 30, 2019 and June 30, 2018, respectively.

Note 14—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Credit Program OPEB

At June 30, 2019, the school division reported a liability of \$1,033,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division’s proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division’s proportion of the VRS Teacher Employee HIC Program was 0.08134% as compared to 0.08362% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$82,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,000
Change of assumptions	-	9,000
Change in proportion	8,000	25,000
Employer contributions subsequent to the measurement date	<u>83,888</u>	<u>-</u>
Total	<u>\$ 91,888</u>	<u>\$ 40,000</u>

Note 14—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Credit Program OPEB (Continued)

\$83,888 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (5,000)
2021	(5,000)
2022	(5,000)
2023	(4,000)
2024	(6,000)
Thereafter	(7,000)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation:	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Note 14—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

The remainder of this page left blank intentionally.

Note 14—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
		<u> </u>
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u><u>1,269,674</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.08%
---	-------

The total Teacher Employee HIC OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

Note 14—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (Continued)

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the School Division’s Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,153,000	\$ 1,033,000	\$ 930,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan):

County and School Board

Plan Description

In addition to the pension and OPEB benefits described in Notes 12-14, the County administers a single-employer defined benefit healthcare plan, The County of Richmond Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

In addition to the pension and OPEB benefits described in Notes 12-14, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Richmond County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible County retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	66	132
Total retirees and spouses with coverage	2	6
Total	<u>68</u>	<u>138</u>

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amounts paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2019 were \$8,082 and \$42,782, respectively.

Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary Increases	The salary increase rate was 3.50% to 5.35% per annum for non-law officers and 3.50% to 4.75% per annum for law officers.
Discount Rate	3.50% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.

Mortality rates for the County were based on the following actuarial assumptions:

Pre-Retirement: RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years and Females set back 3 years.

Post-Retirement: RP-2000 Combined Healthy Mortality Tables projected to 2020 using Scale AA with Females set back 1 year.

Post-Disablement: RP-2000 Disabled Life Mortality Tables with Males set back 3 years and no provision for future mortality improvement.

Mortality rates for the School Board were based on the following actuarial assumptions:

Pre-Retirement: RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years and Females set back 3 years.

Post-Retirement: RP-2000 Combined Healthy Mortality Tables projected to 2020 using Scale AA with Females set back 1 year.

Post-Disablement: RP-2000 Disabled Life Mortality Tables with males set back 3 years and no provision for future mortality improvement.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year Go Index as of their respective measurement dates.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2018	\$ 172,443	\$ 677,358
Changes for the year:		
Service cost	7,912	32,999
Interest	6,543	24,008
Effect of economic/demographic gains or losses	(7,271)	(68,794)
Changes of assumptions	(29,129)	(112,610)
Benefit payments	(8,082)	(42,782)
Net changes	\$ (30,027)	\$ (167,179)
Balances at June 30, 2019	\$ 142,416	\$ 510,179

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (3.50%) than the current discount rate:

	Rate		
	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Primary Government:			
Total OPEB liability	\$ 155,575	\$ 142,416	\$ 130,480
Component Unit School Board:			
Total OPEB liability	\$ 556,152	\$ 510,179	\$ 467,966

Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Rates		
	1% Decrease	Healthcare Cost Trend	1% Increase
Primary Government:			
Total OPEB liability	\$ 124,456	\$ 142,416	\$ 164,317
Component Unit School Board:			
Total OPEB liability	\$ 454,251	\$ 510,179	\$ 577,315

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the County and the School Board recognized OPEB expense in the amount of \$7,700 and \$26,431. At June 30, 2019, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 34,725	\$ -	\$ 169,682
Total	\$ -	\$ 34,725	\$ -	\$ 169,682

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board</u>
2020	\$ (6,755)	\$ (30,576)
2021	(6,755)	(30,576)
2022	(6,755)	(30,576)
2023	(6,755)	(30,576)
2024	(5,973)	(30,576)
Thereafter	(1,732)	(16,802)

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 16—Summary of Other Postemployment Benefit Plans:

Primary Government and Component Unit School Board

	<u>Primary Government</u>				<u>Component Unit School Board</u>			
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liabilities</u>	<u>OPEB Expense</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liabilities</u>	<u>OPEB Expense</u>
VRS OPEB Plans:								
Group Life Insurance Program (Note 13):								
County	\$ 36,298	\$ 21,000	\$ 233,000	\$ 4,000	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	424	-	6,000	(1,000)
School Board Professional	-	-	-	-	70,419	64,000	527,000	3,000
Teacher Health Insurance Credit Program (Note 14)	-	-	-	-	91,888	40,000	1,033,000	82,000
County Stand-Alone Plan (Note 15)	-	34,725	142,416	7,700	-	-	-	-
School Stand-Alone Plan (Note 15)	-	-	-	-	-	169,682	510,179	26,431
Totals	<u>\$ 36,298</u>	<u>\$ 55,725</u>	<u>\$ 375,416</u>	<u>\$ 11,700</u>	<u>\$ 162,731</u>	<u>\$ 273,682</u>	<u>\$ 2,076,179</u>	<u>\$ 110,431</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2019

Note 17–Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety:	
Cheryl B. Pierson, Clerk of the Circuit Court	\$ 103,000
Kristie S. Brann, Treasurer	300,000
Jennifer W. Delano, Commissioner of the Revenue	3,000
Stephan B. Smith, Sheriff	30,000
The above constitutional officer's employee - blanket bond	50,000
The Cincinnati Insurance Company - Surety:	
John David Parr, Supervisor	2,000
William C. Herbert, II, Supervisor	2,000
Richard E. Thomas, Sr., Supervisor	2,000
Robert B. Pemberton, Supervisor	2,000
F. Lee Sanders, Supervisor	2,000
James G. Smith, Superintendent of Schools	10,000
Susan Johns, Director of Finance, School Board	10,000
Janet B. Rice, Assistant Director of Finance, School Board	10,000
All Department of Social Services Employees-blanket bond	100,000

Note 18-Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2019 was \$14,400.

Note 19-Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Note 20-Adoption of Accounting Principles:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

County of Richmond, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 7,850,987	\$ 7,850,987	\$ 8,449,105	\$ 598,118
Other local taxes	1,462,000	1,462,000	1,712,840	250,840
Permits, privilege fees, and regulatory licenses	53,600	53,600	57,859	4,259
Fines and forfeitures	35,000	35,000	42,323	7,323
Revenue from the use of money and property	33,000	33,000	95,241	62,241
Charges for services	361,500	361,500	402,103	40,603
Miscellaneous	40,000	40,000	56,022	16,022
Recovered costs	915,750	915,750	799,298	(116,452)
Intergovernmental:				
Commonwealth	3,248,803	3,248,803	3,054,153	(194,650)
Federal	677,247	677,247	873,405	196,158
Total revenues	<u>\$ 14,677,887</u>	<u>\$ 14,677,887</u>	<u>\$ 15,542,349</u>	<u>\$ 864,462</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,117,863	\$ 1,158,297	\$ 1,129,077	\$ 29,220
Judicial administration	598,039	614,103	594,757	19,346
Public safety	2,737,217	3,343,028	3,137,698	205,330
Public works	996,212	982,299	1,029,423	(47,124)
Health and welfare	2,402,519	2,502,519	2,546,282	(43,763)
Education	4,746,437	4,987,451	4,644,778	342,673
Parks, recreation, and cultural	155,289	155,289	152,620	2,669
Community development	262,121	262,121	241,627	20,494
Nondepartmental	168,742	221,183	68,228	152,955
Capital projects	804,915	804,915	1,569,947	(765,032)
Debt service:				
Principal retirement	956,983	956,983	956,983	-
Interest and other fiscal charges	849,452	861,693	667,440	194,253
Total expenditures	<u>\$ 15,795,789</u>	<u>\$ 16,849,881</u>	<u>\$ 16,738,860</u>	<u>\$ 111,021</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,117,902)</u>	<u>\$ (2,171,994)</u>	<u>\$ (1,196,511)</u>	<u>\$ 975,483</u>
OTHER FINANCING SOURCES (USES)				
Issuance of USDA loan	\$ -	\$ -	\$ 35,000	\$ 35,000
Issuance of capital lease	-	-	350,000	350,000
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,000</u>	<u>\$ 385,000</u>
Net change in fund balances	\$ (1,117,902)	\$ (2,171,994)	\$ (811,511)	\$ 1,360,483
Fund balances - beginning	1,117,902	2,171,994	1,971,958	(200,036)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,160,447</u>	<u>\$ 1,160,447</u>

County of Richmond, Virginia
 Sheriff's Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	23,514	23,514
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>23,514</u>	<u>\$ 23,514</u>

County of Richmond, Virginia
 Workforce Investment Act Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal	\$ -	\$ 1,803,384	\$ 1,803,384	\$ -
Total revenues	\$ -	\$ 1,803,384	\$ 1,803,384	\$ -
EXPENDITURES				
Current:				
Community development	\$ -	\$ 1,803,384	\$ 1,803,384	\$ -
Total expenditures	\$ -	\$ 1,803,384	\$ 1,803,384	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

County of Richmond, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 382,865	\$ 373,373	\$ 310,165	\$ 312,395	\$ 312,258
Interest	934,448	895,648	863,095	823,735	785,883
Changes in benefit terms	-	160,091	-	-	-
Changes of assumptions	-	(107,924)	-	-	-
Differences between expected and actual experience	(703,238)	(29,684)	37,278	72,953	-
Benefit payments, including refunds of employee contributions	(713,742)	(760,700)	(730,291)	(563,297)	(551,499)
Net change in total pension liability	\$ (99,667)	\$ 530,804	\$ 480,247	\$ 645,786	\$ 546,642
Total pension liability - beginning	13,706,124	13,175,320	12,695,073	12,049,287	11,502,645
Total pension liability - ending (a)	\$ 13,606,457	\$ 13,706,124	\$ 13,175,320	\$ 12,695,073	\$ 12,049,287
Plan fiduciary net position					
Contributions - employer	\$ 305,935	\$ 283,832	\$ 279,196	\$ 286,796	\$ 295,531
Contributions - employee	143,277	132,401	127,498	131,462	129,721
Net investment income	940,117	1,407,834	198,131	524,724	1,575,513
Benefit payments, including refunds of employee contributions	(713,742)	(760,700)	(730,291)	(563,297)	(551,499)
Administrative expense	(8,182)	(8,296)	(7,489)	(7,222)	(8,508)
Other	(833)	(1,247)	(86)	(115)	83
Net change in plan fiduciary net position	\$ 666,572	\$ 1,053,824	\$ (133,041)	\$ 372,348	\$ 1,440,841
Plan fiduciary net position - beginning	12,758,449	11,704,625	11,837,666	11,465,318	10,024,477
Plan fiduciary net position - ending (b)	\$ 13,425,021	\$ 12,758,449	\$ 11,704,625	\$ 11,837,666	\$ 11,465,318
County's net pension liability - ending (a) - (b)	\$ 181,436	\$ 947,675	\$ 1,470,695	\$ 857,407	\$ 583,969
Plan fiduciary net position as a percentage of the total pension liability	98.67%	93.09%	88.84%	93.25%	95.15%
Covered payroll	\$ 2,914,636	\$ 2,693,648	\$ 2,602,804	\$ 2,663,210	\$ 2,597,287
County's net pension liability as a percentage of covered payroll	6.22%	35.18%	56.50%	32.19%	22.48%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Richmond, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2018

Exhibit 12

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 7,885	\$ 10,704	\$ 18,893	\$ 22,347	\$ 29,025
Interest	43,248	42,697	44,386	43,291	39,965
Changes of assumptions	-	7,790	-	-	-
Differences between expected and actual experience	74,734	(6,389)	(13,893)	8,918	-
Benefit payments, including refunds of employee contributions	(40,488)	(53,372)	(93,647)	(24,197)	(18,758)
Net change in total pension liability	\$ 85,379	\$ 1,430	\$ (44,261)	\$ 50,359	\$ 50,232
Total pension liability - beginning	638,073	636,643	680,904	630,545	580,313
Total pension liability - ending (a)	\$ 723,452	\$ 638,073	\$ 636,643	\$ 680,904	\$ 630,545
Plan fiduciary net position					
Contributions - employer	\$ 20	\$ 95	\$ 3,660	\$ 9,175	\$ 19,067
Contributions - employee	3,021	3,308	4,457	11,112	10,737
Net investment income	59,097	90,633	12,840	37,184	110,415
Benefit payments, including refunds of employee contributions	(40,488)	(53,372)	(93,647)	(24,197)	(18,758)
Administrative expense	(531)	(561)	(538)	(506)	(579)
Other	(52)	(79)	(6)	(8)	6
Net change in plan fiduciary net position	\$ 21,067	\$ 40,024	\$ (73,234)	\$ 32,760	\$ 120,888
Plan fiduciary net position - beginning	810,690	770,666	843,900	811,140	690,252
Plan fiduciary net position - ending (b)	\$ 831,757	\$ 810,690	\$ 770,666	\$ 843,900	\$ 811,140
School Division's net pension liability (asset) - ending (a) - (b)	\$ (108,305)	\$ (172,617)	\$ (134,023)	\$ (162,996)	\$ (180,595)
Plan fiduciary net position as a percentage of the total pension liability	114.97%	127.05%	121.05%	123.94%	128.64%
Covered payroll	\$ 64,888	\$ 72,168	\$ 94,878	\$ 230,452	\$ 214,727
School Division's net pension liability (asset) as a percentage of covered payroll	-166.91%	-239.19%	-141.26%	-70.73%	-84.10%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan - Component Unit School Board
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.08141%	0.08353%	0.08270%	0.08415%	0.08403%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,574,000	\$ 10,272,000	\$ 11,590,000	\$ 10,591,000	\$ 10,155,000
Employer's Covered Payroll	6,626,525	6,599,563	6,305,596	6,256,592	6,145,391
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	144.48%	155.65%	183.80%	169.28%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Richmond, Virginia
 Schedule of Employer Contributions - Pension Plans
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 300,679	\$ 300,679	\$ -	\$ 2,941,892	10.22%
2018	305,935	305,935	-	2,914,636	10.50%
2017	283,832	283,832	-	2,693,648	10.54%
2016	279,196	279,196	-	2,602,804	10.73%
2015	286,796	286,796	-	2,663,210	10.77%
2014	295,831	295,831	-	2,597,287	11.39%
2013	282,363	282,363	-	2,484,208	11.37%
2012	225,169	225,169	-	2,452,821	9.18%
2011	223,295	223,295	-	2,432,407	9.18%
2010	210,841	210,841	-	2,471,755	8.53%
Component Unit School Board (nonprofessional)					
2019	\$ 314	\$ 314	\$ -	\$ 81,627	0.38%
2018	212	212	-	64,888	0.33%
2017	95	95	-	72,168	0.13%
2016	3,660	3,660	-	94,878	3.86%
2015	9,175	9,175	-	230,452	3.98%
2014	19,068	19,068	-	214,727	8.88%
2013	21,196	21,196	-	238,694	8.88%
2012	20,084	20,084	-	232,992	8.62%
2011	21,468	21,468	-	249,045	8.62%
2010	24,767	24,767	-	249,162	9.94%
Component Unit School Board (professional)					
2019	\$ 1,075,614	\$ 1,075,614	\$ -	\$ 6,990,664	15.39%
2018	1,053,012	1,053,012	-	6,626,525	15.89%
2017	950,449	950,449	-	6,599,563	14.40%
2016	981,446	981,446	-	6,305,596	15.56%
2015	907,206	907,206	-	6,256,592	14.50%
2014	721,664	721,664	-	6,145,391	11.74%
2013	706,155	706,155	-	6,130,403	11.52%
2012	383,385	383,385	-	6,056,642	6.33%
2011	238,581	238,581	-	6,072,569	3.93%
2010	531,769	531,769	-	6,035,970	8.81%

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

County of Richmond, Virginia
 Schedule of County and Component Unit School Board's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2018 and June 30, 2017

Exhibit 16

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2018	0.01533% \$	233,000 \$	2,914,636	7.99%	51.22%
2017	0.01460%	220,000	2,693,648	8.17%	48.86%
Component Unit School Board (nonprofessional):					
2018	0.00034% \$	6,000 \$	64,888	9.25%	51.22%
2017	0.00039%	5,000	72,168	6.93%	48.86%
Component Unit School Board (professional):					
2018	0.03470% \$	527,000 \$	6,598,082	7.99%	51.22%
2017	0.03578%	539,000	6,599,563	8.17%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Richmond, Virginia
Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2010 through June 30, 2019

Exhibit 17

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2019	\$ 15,298	\$ 15,298	\$ -	\$ 2,941,892	0.52%
2018	15,156	15,156	-	2,914,636	0.52%
2017	14,007	14,007	-	2,693,648	0.52%
2016	12,493	12,493	-	2,602,804	0.48%
2015	12,783	12,783	-	2,663,210	0.48%
2014	12,467	12,467	-	2,597,287	0.48%
2013	11,924	11,924	-	2,484,208	0.48%
2012	6,868	6,868	-	2,452,821	0.28%
2011	6,811	6,811	-	2,432,407	0.28%
2010	5,010	5,010	-	1,855,504	0.27%
Component Unit School Board (nonprofessional):					
2019	\$ 424	\$ 424	\$ -	\$ 81,627	0.52%
2018	337	337	-	64,888	0.52%
2017	375	375	-	72,168	0.52%
2016	455	455	-	94,878	0.48%
2015	1,106	1,106	-	230,452	0.48%
2014	1,031	1,031	-	214,727	0.48%
2013	1,146	1,146	-	238,694	0.48%
2012	652	652	-	232,992	0.28%
2011	697	697	-	249,045	0.28%
2010	505	505	-	186,900	0.27%
Component Unit School Board (professional):					
2019	\$ 36,419	\$ 36,419	\$ -	\$ 7,003,694	0.52%
2018	34,574	34,574	-	6,598,082	0.52%
2017	34,318	34,318	-	6,599,563	0.52%
2016	30,267	30,267	-	6,305,596	0.48%
2015	30,032	30,032	-	6,256,592	0.48%
2014	29,498	29,498	-	6,145,391	0.48%
2013	29,426	29,426	-	6,130,403	0.48%
2012	16,959	16,959	-	6,056,642	0.28%
2011	17,003	17,003	-	6,072,569	0.28%
2010	11,680	11,680	-	4,325,993	0.27%

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

County of Richmond, Virginia
 Schedule of Component Unit School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2018 and June 30, 2017

Exhibit 19

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2018	0.08134% \$	1,033,000 \$	6,578,062	15.70%	8.08%
2017	0.08362%	1,061,000	6,599,563	16.08%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions - Component Unit School Board

Teacher Employee Health Insurance Credit (HIC) Program

For the Years Ended June 30, 2010 through June 30, 2019

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2019	\$ 83,888	\$ 83,888	\$ -	\$ 6,990,664	1.20%
2018	80,910	80,910	-	6,578,062	1.23%
2017	73,255	73,255	-	6,599,563	1.11%
2016	66,839	66,839	-	6,305,596	1.06%
2015	66,320	66,320	-	6,256,592	1.06%
2014	68,214	68,214	-	6,145,391	1.11%
2013	67,224	67,224	-	6,056,216	1.11%
2012	36,340	36,340	-	6,056,642	0.60%
2011	36,425	36,425	-	6,070,769	0.60%
2010	44,884	44,884	-	4,315,724	1.04%

Notes to Required Supplementary Information -Component Unit School Board

Teacher Employee Health Insurance Credit (HIC) Program

For the Year Ended June 30, 2019

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

County of Richmond, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 For the Years Ended June 30, 2018 through June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 7,912	\$ 9,704
Interest	6,543	6,179
Effect of economic/demographic gains or losses	(7,271)	-
Changes of assumptions	(29,129)	(6,057)
Benefit payments	(8,082)	(8,370)
Net change in total OPEB liability	\$ (30,027)	\$ 1,456
Total OPEB liability - beginning	172,443	170,987
Total OPEB liability - ending	\$ <u>142,416</u>	\$ <u>172,443</u>
Covered payroll	\$ 2,985,128	\$ 2,541,300
County's total OPEB liability as a percentage of covered payroll	4.77%	6.79%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Richmond, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit School Board
 For the Years Ended June 30, 2018 through June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 32,999	\$ 38,500
Interest	24,008	24,705
Effect of economic/demographic gains or losses	(68,794)	-
Changes of assumptions	(112,610)	(21,945)
Benefit payments	(42,782)	(61,983)
Net change in total OPEB liability	\$ (167,179)	\$ (20,723)
Total OPEB liability - beginning	677,358	698,081
Total OPEB liability - ending	\$ <u>510,179</u>	\$ <u>677,358</u>
Covered payroll	\$ 6,522,584	\$ 5,904,727
School Board's total OPEB liability (asset) as a percentage of covered payroll	7.82%	11.47%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Richmond, Virginia
 Notes to Required Supplementary Information - Primary Government OPEB
 For the Year Ended June 30, 2019

Valuation Date: 7/1/2018
 Measurement Date: 6/30/2019

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.
Inflation	2.50% per year
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.20% graded down to 4.20% in 2077
Salary Increase Rates	The salary increase rate was 3.50% to 5.35% per annum for non-law officers and 3.50% to 4.75% per annum for law officers.
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2000 Employee Rates projected to 2020 using Scale AA with Males set forward two years and females set back three year for pre-retirement, and RP-2000 Combined Healthy Mortality rates projected to 3030 using Scale AA with females set back one year for post-retirement.

County of Richmond, Virginia
 Notes to Required Supplementary Information - Component Unit School Board OPEB
 For the Year Ended June 30, 2019

Valuation Date: 7/1/2018
 Measurement Date: 6/30/2019

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.
Inflation	2.50% per year
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.80% graded down to 4.20% in 2076
Salary Increase Rates	The salary increase rate was 3.50% to 5.35% per annum.
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2000 Employee Rates projected to 2020 using Scale AA with Males set forward two years and females set back three year for pre-retirement, and RP-2000 Combined Healthy Mortality rates projected to 3030 using Scale AA with females set back one year for post-retirement.

County of Richmond, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	Agency Funds				<u>Total</u>
	<u>Library</u>	<u>Special Welfare</u>	Northern Neck Regional Vocational <u>Center</u>	Northern Neck Regional Special Education <u>Program</u>	
ASSETS					
Cash and cash equivalents	\$ 8,018	\$ 11,905	\$ 300,320	\$ 503,902	\$ 824,145
Total assets	<u>\$ 8,018</u>	<u>\$ 11,905</u>	<u>\$ 300,320</u>	<u>\$ 503,902</u>	<u>\$ 824,145</u>
LIABILITIES					
Accounts payable	\$ 8,018	-	-	-	\$ 8,018
Amounts held for social services clients	-	11,905	-	-	11,905
Amounts held for Northern Neck Regional Vocational Center	-	-	300,320	-	300,320
Amounts held for Northern Neck Regional Special Education Program	-	-	-	503,902	503,902
Total liabilities	<u>\$ 8,018</u>	<u>\$ 11,905</u>	<u>\$ 300,320</u>	<u>\$ 503,902</u>	<u>\$ 824,145</u>

County of Richmond, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>Library:</u>				
ASSETS				
Cash and cash equivalents	\$ 16,680	\$ 136,173	\$ 144,835	\$ 8,018
LIABILITIES				
Accounts payable	\$ 16,680	\$ 136,173	\$ 144,835	\$ 8,018
<u>Special Welfare:</u>				
ASSETS				
Cash and cash equivalents	\$ 11,477	\$ 3,401	\$ 2,973	\$ 11,905
LIABILITIES				
Amounts held for social services clients	\$ 11,477	\$ 3,401	\$ 2,973	\$ 11,905
<u>Northern Neck Regional Vocational Center:</u>				
ASSETS				
Cash and cash equivalents	\$ 303,328	\$ 2,244,865	\$ 2,247,873	\$ 300,320
LIABILITIES				
Amounts held for Northern Neck Regional Vocational Center	\$ 303,328	\$ 2,244,865	\$ 2,247,873	\$ 300,320
<u>Local Sales Tax:</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,604,183	\$ 1,604,183	\$ -
LIABILITIES				
Amounts held for others	\$ -	\$ 1,604,183	\$ 1,604,183	\$ -
<u>Northern Neck Regional Special Education Program:</u>				
ASSETS				
Cash and cash equivalents	\$ 711,647	\$ 1,605,265	\$ 1,813,010	\$ 503,902
LIABILITIES				
Amounts held for Northern Neck Regional Special Education Program	\$ 711,647	\$ 1,605,265	\$ 1,813,010	\$ 503,902
<u>Total - All Agency Funds:</u>				
ASSETS				
Cash and cash equivalents	\$ 1,043,132	\$ 5,593,887	\$ 5,812,874	\$ 824,145
LIABILITIES				
Accounts payable	\$ 16,680	\$ 136,173	\$ 144,835	\$ 8,018
Amounts held for social services clients	11,477	3,401	2,973	11,905
Amounts held for Northern Neck Regional Vocational Center	303,328	2,244,865	2,247,873	300,320
Amounts held for Northern Neck Regional Special Education Program	711,647	1,605,265	1,813,010	503,902
Amounts held for others	-	1,604,183	1,604,183	-
Total liabilities	\$ 1,043,132	\$ 5,593,887	\$ 5,812,874	\$ 824,145

County of Richmond, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2019

	School Operating <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 22,066	\$ 114,740	\$ 136,806
Receivables (net of allowance for uncollectibles):			
Accounts receivable	-	5,501	5,501
Due from other governmental units	1,207,214	-	1,207,214
Inventories	-	14,120	14,120
Total assets	<u>\$ 1,229,280</u>	<u>\$ 134,361</u>	<u>\$ 1,363,641</u>
LIABILITIES			
Accounts payable	\$ 90,759	\$ 6,225	\$ 96,984
Accrued liabilities	1,138,521	-	1,138,521
Total liabilities	<u>\$ 1,229,280</u>	<u>\$ 6,225</u>	<u>\$ 1,235,505</u>
FUND BALANCES			
Nonspendable	\$ -	\$ 14,120	\$ 14,120
Committed:			
School Cafeteria Fund	-	114,016	114,016
Total fund balances	<u>\$ -</u>	<u>\$ 128,136</u>	<u>\$ 128,136</u>
Total liabilities and fund balances	<u>\$ 1,229,280</u>	<u>\$ 134,361</u>	<u>\$ 1,363,641</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above	\$ 128,136
-------------------------------	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 9,665,506	
Accumulated depreciation	<u>(4,262,451)</u>	5,403,055

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Net pension asset	108,305
-------------------	---------

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 1,267,928	
OPEB related items	<u>162,731</u>	1,430,659

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	\$ (189,243)	
Capital leases	(95,410)	
Net pension liability	(9,574,000)	
Net OPEB liabilities	<u>(2,076,179)</u>	(11,934,832)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (1,367,842)	
OPEB related items	<u>(273,682)</u>	(1,641,524)

Net position of governmental activities	<u>\$ (6,506,201)</u>
---	-----------------------

County of Richmond, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 4,364	\$ 27	\$ 4,391
Charges for services	-	36,727	36,727
Miscellaneous	138,213	27,846	166,059
Recovered costs	105,464	-	105,464
Intergovernmental:			
Local government	4,634,068	-	4,634,068
Commonwealth	9,128,776	-	9,128,776
Federal	1,187,104	33,579	1,220,683
Total revenues	<u>\$ 15,197,989</u>	<u>\$ 98,179</u>	<u>\$ 15,296,168</u>
EXPENDITURES			
Current:			
Education	\$ 14,624,384	\$ 615,898	\$ 15,240,282
Debt service:			
Principal retirement	183,973	-	183,973
Interest and other fiscal charges	1,766	-	1,766
Total expenditures	<u>\$ 14,810,123</u>	<u>\$ 615,898</u>	<u>\$ 15,426,021</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 387,866</u>	<u>\$ (517,719)</u>	<u>\$ (129,853)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 534,866	\$ 534,866
Transfers out	(534,866)	-	(534,866)
Issuance of capital lease	147,000	-	147,000
Total other financing sources (uses)	<u>\$ (387,866)</u>	<u>\$ 534,866</u>	<u>\$ 147,000</u>
Net change in fund balances	\$ -	\$ 17,147	\$ 17,147
Fund balances - beginning	-	110,989	110,989
Fund balances - ending	<u>\$ -</u>	<u>\$ 128,136</u>	<u>\$ 128,136</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above			\$ 17,147
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital asset additions		\$ 636,156	
Depreciation expense		(353,204)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government		105,335	388,287
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Principal retirement on capital lease		\$ 183,973	
Issuance of capital lease		(147,000)	36,973
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
Change in compensated absences		\$ (38,798)	
Pension expense		522,105	
OPEB expense		52,261	535,568
Change in net position of governmental activities			<u>\$ 977,975</u>

County of Richmond, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2019

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 4,364	\$ 4,364
Charges for services	-	-	-	-
Miscellaneous	197,000	197,000	138,213	(58,787)
Recovered costs	298,875	298,875	105,464	(193,411)
Intergovernmental:				
Local government	4,735,727	4,976,741	4,634,068	(342,673)
Commonwealth	8,806,733	8,806,733	9,128,776	322,043
Federal	1,056,149	1,056,149	1,187,104	130,955
Total revenues	<u>\$ 15,094,484</u>	<u>\$ 15,335,498</u>	<u>\$ 15,197,989</u>	<u>\$ (137,509)</u>
EXPENDITURES				
Current:				
Education	\$ 14,363,109	\$ 14,604,123	\$ 14,624,384	\$ (20,261)
Debt service:				
Principal retirement	-	-	183,973	(183,973)
Interest and other fiscal charges	-	-	1,766	(1,766)
Total expenditures	<u>\$ 14,363,109</u>	<u>\$ 14,604,123</u>	<u>\$ 14,810,123</u>	<u>\$ (206,000)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 731,375</u>	<u>\$ 731,375</u>	<u>\$ 387,866</u>	<u>\$ (343,509)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(731,375)	(731,375)	(534,866)	196,509
Issuance of capital lease	-	-	147,000	147,000
Total other financing sources (uses)	<u>\$ (731,375)</u>	<u>\$ (731,375)</u>	<u>\$ (387,866)</u>	<u>\$ 343,509</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund					
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)		
Original	Final				
\$	-	\$	-	\$	27
	-		-		36,727
	-		-		27,846
	-		-		-
	-		-		-
	-		33,579		33,579
\$	-	\$	33,579	\$	98,179
				\$	64,600
\$	731,375	\$	764,954	\$	615,898
	-		-		-
	-		-		-
\$	731,375	\$	764,954	\$	615,898
				\$	149,056
\$	(731,375)	\$	(731,375)	\$	(517,719)
				\$	213,656
\$	731,375	\$	731,375	\$	534,866
	-		-		-
	-		-		-
\$	731,375	\$	731,375	\$	534,866
				\$	(196,509)
\$	-	\$	-	\$	17,147
	-		-		110,989
\$	-	\$	-	\$	128,136

County of Richmond, Virginia
Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2019

		Industrial Development <u>Authority</u>
ASSETS		
Cash and cash equivalents	\$	59,261
Capital assets:		
Land		149,907
Buildings and improvements		598,470
Machinery, equipment and vehicles		27,285
Accumulated depreciation		(323,899)
Total assets	\$	<u>511,024</u>
NET POSITION		
Investment in capital assets	\$	451,763
Unrestricted		59,261
Total net position	\$	<u>511,024</u>

County of Richmond, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2019

	<u>Industrial Development Authority</u>
OPERATING REVENUES	
Charges for services:	
Rents	\$ 39,493
Miscellaneous	1,028
Total operating revenues	<u>\$ 40,521</u>
OPERATING EXPENSES	
Other charges	\$ 28,910
Depreciation	17,426
Total operating expenses	<u>\$ 46,336</u>
Operating income (loss)	<u>\$ (5,815)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 21
Total nonoperating revenues (expenses)	<u>\$ 21</u>
Changes in net position	\$ (5,794)
Net position - beginning	516,818
Net position - ending	<u><u>\$ 511,024</u></u>

County of Richmond, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 41,621
Other receipts (payments)	(28,910)
Net cash provided by (used for) operating activities	<u>\$ 12,711</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to capital assets	\$ (12,585)
Net cash provided by (used for) capital and related financing activities	<u>\$ (12,585)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 21
Net cash provided by (used for) investing activities	<u>\$ 21</u>
Net increase (decrease) in cash and cash equivalents	\$ 147
Cash and cash equivalents - beginning	59,114
Cash and cash equivalents - ending	<u><u>\$ 59,261</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (5,815)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	17,426
(Increase) decrease in accounts receivable	1,100
Total adjustments	<u>\$ 18,526</u>
Net cash provided by (used for) operating activities	<u><u>\$ 12,711</u></u>

County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,450,000	\$ 5,450,000	\$ 5,643,456	\$ 193,456
Real and personal public service corporation taxes	510,000	510,000	590,704	80,704
Personal property taxes	1,685,987	1,685,987	1,996,858	310,871
Mobile home taxes	13,000	13,000	12,608	(392)
Merchant's capital taxes	59,000	59,000	66,034	7,034
Machinery and tools taxes	14,000	14,000	20,458	6,458
Penalties	75,000	75,000	84,438	9,438
Interest	44,000	44,000	34,549	(9,451)
Total general property taxes	<u>\$ 7,850,987</u>	<u>\$ 7,850,987</u>	<u>\$ 8,449,105</u>	<u>\$ 598,118</u>
Other local taxes:				
Local sales and use taxes	\$ 1,270,000	\$ 1,270,000	\$ 1,490,760	\$ 220,760
Consumers' utility taxes	122,000	122,000	123,100	1,100
Consumption tax	20,000	20,000	21,373	1,373
Taxes on recordation and wills	50,000	50,000	77,607	27,607
Total other local taxes	<u>\$ 1,462,000</u>	<u>\$ 1,462,000</u>	<u>\$ 1,712,840</u>	<u>\$ 250,840</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 4,100	\$ (1,900)
Transfer fees	350	350	323	(27)
Permits and other licenses	47,250	47,250	53,436	6,186
Total permits, privilege fees, and regulatory licenses	<u>\$ 53,600</u>	<u>\$ 53,600</u>	<u>\$ 57,859</u>	<u>\$ 4,259</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 35,000	\$ 35,000	\$ 42,323	\$ 7,323
Revenue from use of money and property:				
Revenue from use of money	\$ 15,000	\$ 15,000	\$ 66,196	\$ 51,196
Revenue from use of property	18,000	18,000	29,045	11,045
Total revenue from use of money and property	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ 95,241</u>	<u>\$ 62,241</u>
Charges for services:				
Sheriff's fees	\$ 1,000	\$ 1,000	\$ 1,010	\$ 10
Charges for courthouse maintenance	4,000	4,000	4,348	348
Charges for courthouse security	16,000	16,000	22,748	6,748
Charges for other court costs	350	350	555	205
Charges for Commonwealth's Attorney	500	500	1,000	500
Charges for EMS billings	335,000	335,000	364,532	29,532
Charges for correction and detention	-	-	821	821
Charges for other protection	4,150	4,150	4,919	769
Charges for sales of publications	500	500	-	(500)
Charges for DMV fees	-	-	2,170	2,170
Total charges for services	<u>\$ 361,500</u>	<u>\$ 361,500</u>	<u>\$ 402,103</u>	<u>\$ 40,603</u>

County of Richmond, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 40,000	\$ 40,000	\$ 56,022	\$ 16,022
Recovered costs:				
Streetlights	\$ -	\$ -	\$ 1,931	\$ 1,931
Court services unit	15,750	15,750	14,737	(1,013)
Other recovered costs	900,000	900,000	782,630	(117,370)
Total recovered costs	<u>\$ 915,750</u>	<u>\$ 915,750</u>	<u>\$ 799,298</u>	<u>\$ (116,452)</u>
Total revenue from local sources	<u>\$ 10,751,837</u>	<u>\$ 10,751,837</u>	<u>\$ 11,614,791</u>	<u>\$ 862,954</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Mobile home titling tax	12,000	12,000	9,583	(2,417)
Rolling stock tax	-	-	615	615
Motor vehicle rental tax	-	-	14,615	14,615
State recordation tax	14,000	14,000	20,455	6,455
Communications tax	295,000	295,000	260,826	(34,174)
Personal property tax relief funds	803,954	803,954	803,955	1
Total noncategorical aid	<u>\$ 1,125,954</u>	<u>\$ 1,125,954</u>	<u>\$ 1,110,049</u>	<u>\$ (15,905)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 172,000	\$ 172,000	\$ 171,535	\$ (465)
Sheriff	649,098	649,098	666,175	17,077
Commissioner of revenue	74,285	74,285	74,664	379
Treasurer	77,284	77,284	76,881	(403)
Medical examiner	90	90	-	(90)
Registrar/electoral board	45,000	45,000	35,755	(9,245)
Clerk of the Circuit Court	147,833	147,833	162,746	14,913
Total shared expenses	<u>\$ 1,165,590</u>	<u>\$ 1,165,590</u>	<u>\$ 1,187,756</u>	<u>\$ 22,166</u>
Other categorical aid:				
Four for life grant	\$ 9,739	\$ 9,739	\$ 21,210	\$ 11,471
Fire program funds	19,500	19,500	26,797	7,297
Children's services act	300,000	300,000	346,212	46,212
Public assistance and welfare administration	463,000	463,000	281,522	(181,478)
Litter control grant	6,300	6,300	1,000	(5,300)

County of Richmond, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

Schedule 1
 Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
DMV selective enforcement	\$ 25,500	\$ 25,500	\$ -	\$ (25,500)
Spay/neuter funds	-	-	105	105
Wireless grant	40,000	40,000	41,121	1,121
PSAP technology grant	-	-	707	707
Court security grant	22,000	22,000	-	(22,000)
Victim witness grant	55,000	55,000	14,817	(40,183)
Records preservation grant	-	-	13,676	13,676
Law enforcement grant	10,620	10,620	-	(10,620)
Other state grants	5,600	5,600	9,181	3,581
Total other categorical aid	<u>\$ 957,259</u>	<u>\$ 957,259</u>	<u>\$ 756,348</u>	<u>\$ (200,911)</u>
Total categorical aid	<u>\$ 2,122,849</u>	<u>\$ 2,122,849</u>	<u>\$ 1,944,104</u>	<u>\$ (178,745)</u>
Total revenue from the Commonwealth	<u>\$ 3,248,803</u>	<u>\$ 3,248,803</u>	<u>\$ 3,054,153</u>	<u>\$ (194,650)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 13,000	\$ 13,000	\$ 23,286	\$ 10,286
Categorical aid:				
Law enforcement grant	\$ 22,400	\$ 22,400	\$ -	\$ (22,400)
State and community highway safety	-	-	19,477	19,477
Public assistance and welfare administration	400,000	400,000	534,796	134,796
Children's services act	-	-	1,674	1,674
QSCB interest rate subsidy	216,847	216,847	224,681	7,834
Victim witness grant	-	-	44,491	44,491
USDA equipment grant	25,000	25,000	25,000	-
Total categorical aid	<u>\$ 664,247</u>	<u>\$ 664,247</u>	<u>\$ 850,119</u>	<u>\$ 185,872</u>
Total revenue from the federal government	<u>\$ 677,247</u>	<u>\$ 677,247</u>	<u>\$ 873,405</u>	<u>\$ 196,158</u>
Total General Fund	<u>\$ 14,677,887</u>	<u>\$ 14,677,887</u>	<u>\$ 15,542,349</u>	<u>\$ 864,462</u>

County of Richmond, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Workforce Investment Act Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Workforce Investment Act	\$ -	\$ 1,803,384	\$ 1,803,384	\$ -
Total revenue from the federal government	\$ -	\$ 1,803,384	\$ 1,803,384	\$ -
Total Workforce Investment Act Fund	\$ -	\$ 1,803,384	\$ 1,803,384	\$ -
Total Primary Government	\$ 14,677,887	\$ 16,481,271	\$ 17,345,733	\$ 864,462
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 4	\$ 4
Revenue from the use of property	-	-	4,360	4,360
Total revenue from use of money and property	\$ -	\$ -	\$ 4,364	\$ 4,364
Miscellaneous:				
Miscellaneous	\$ 197,000	\$ 197,000	\$ 138,213	\$ (58,787)
Total miscellaneous	\$ 197,000	\$ 197,000	\$ 138,213	\$ (58,787)
Recovered costs:				
Cafeteria funds	\$ 298,875	\$ 298,875	\$ -	\$ (298,875)
Other recovered costs	-	-	105,464	105,464
Total recovered costs	\$ 298,875	\$ 298,875	\$ 105,464	\$ (193,411)
Total revenue from local sources	\$ 495,875	\$ 495,875	\$ 248,041	\$ (247,834)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Richmond, Virginia	\$ 4,735,727	\$ 4,976,741	\$ 4,634,068	\$ (342,673)

County of Richmond, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,203,364	\$ 1,203,364	\$ 1,220,991	\$ 17,627
Basic school aid	4,383,705	4,383,705	4,425,915	42,210
At risk payments	191,813	191,813	214,606	22,793
Early reading intervention	32,290	32,290	27,677	(4,613)
English as a second language	33,887	33,887	26,924	(6,963)
Fringe benefits	853,033	853,033	860,979	7,946
GED preparation assistance	7,859	7,859	8,355	496
Gifted and talented	41,924	41,924	42,315	391
Industry certification	-	-	2,010	2,010
Lottery	243,533	243,533	314,469	70,936
Mentor teacher program	1,241	1,241	825	(416)
Primary class size	209,219	209,219	195,640	(13,579)
Project graduation	3,681	3,681	3,681	-
Regular foster care	28,003	28,003	10,129	(17,874)
Remedial education	171,120	171,120	172,714	1,594
Remedial summer education	41,061	41,061	52,034	10,973
School food	17,500	17,500	13,388	(4,112)
School security	-	-	43,926	43,926
Special education	645,978	645,978	651,995	6,017
Special education - homebound	3,338	3,338	2,129	(1,209)
Special education - northern neck regional SPED	-	-	171,389	171,389
Special education - jails	8,574	8,574	2,843	(5,731)
SOL algebra readiness	23,394	23,394	23,394	-
Technology	102,000	102,000	102,000	-
Textbook payment	86,150	86,150	86,953	803
Vocational education	210,790	210,790	294,133	83,343
VPSI one time grant	173,276	173,276	152,773	(20,503)
Workforce readiness	-	-	431	431
Other state funds	90,000	90,000	4,158	(85,842)
Total categorical aid	<u>\$ 8,806,733</u>	<u>\$ 8,806,733</u>	<u>\$ 9,128,776</u>	<u>\$ 322,043</u>
Total revenue from the Commonwealth	<u>\$ 8,806,733</u>	<u>\$ 8,806,733</u>	<u>\$ 9,128,776</u>	<u>\$ 322,043</u>

County of Richmond, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title VI-B, special education flow-through	\$ 227,061	\$ 227,061	\$ 296,604	\$ 69,543
Preschool	-	-	23,774	23,774
Title VI-B, rural and low income	21,747	21,747	396	(21,351)
Vocational education	20,038	20,038	20,343	305
Title I	257,292	257,292	230,736	(26,556)
Title II, Part A	40,741	40,741	67,150	26,409
Title III	5,575	5,575	1,834	(3,741)
Parent resource center	8,000	8,000	8,000	-
JROTC	50,695	50,695	41,213	(9,482)
School lunch and breakfast programs	415,000	415,000	497,054	82,054
Other federal funds	10,000	10,000	-	(10,000)
Total categorical aid	<u>\$ 1,056,149</u>	<u>\$ 1,056,149</u>	<u>\$ 1,187,104</u>	<u>\$ 130,955</u>
Total revenue from the federal government	<u>\$ 1,056,149</u>	<u>\$ 1,056,149</u>	<u>\$ 1,187,104</u>	<u>\$ 130,955</u>
Total School Operating Fund	<u>\$ 15,094,484</u>	<u>\$ 15,335,498</u>	<u>\$ 15,197,989</u>	<u>\$ (137,509)</u>
-				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 27	\$ 27
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 36,727	\$ 36,727
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 27,846	\$ 27,846
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,600</u>	<u>\$ 64,600</u>
Revenue from the federal government:				
Categorical aid:				
Commodities	\$ -	\$ 33,579	\$ 33,579	\$ -
Total categorical aid	<u>\$ -</u>	<u>\$ 33,579</u>	<u>\$ 33,579</u>	<u>\$ -</u>
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ 33,579</u>	<u>\$ 98,179</u>	<u>\$ 64,600</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 15,094,484</u>	<u>\$ 15,369,077</u>	<u>\$ 15,296,168</u>	<u>\$ (72,909)</u>

County of Richmond, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Schedule 2
Page 1 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 154,426	\$ 154,426	\$ 155,402	\$ (976)
General and financial administration:				
County administrator	\$ 207,603	\$ 207,603	\$ 213,942	\$ (6,339)
Information technology	238,815	238,815	236,776	2,039
Commissioner of revenue	190,683	190,683	188,239	2,444
Assessor	30,000	44,112	14,114	29,998
Treasurer	213,270	231,092	234,177	(3,085)
Total general and financial administration	\$ 880,371	\$ 912,305	\$ 887,248	\$ 25,057
Board of elections:				
Electoral board and officials	\$ 18,175	\$ 18,175	\$ 14,803	\$ 3,372
Registrar	64,891	73,391	71,624	1,767
Total board of elections	\$ 83,066	\$ 91,566	\$ 86,427	\$ 5,139
Total general government administration	\$ 1,117,863	\$ 1,158,297	\$ 1,129,077	\$ 29,220
Judicial administration:				
Courts:				
Circuit court	\$ 24,000	\$ 26,389	\$ 26,389	\$ -
General district court	7,860	7,860	4,914	2,946
Magistrate	100	100	-	100
Court services unit	34,019	34,019	32,559	1,460
Clerk of the circuit court	237,926	251,601	242,976	8,625
Total courts	\$ 303,905	\$ 319,969	\$ 306,838	\$ 13,131
Commonwealth's attorney:				
Commonwealth's attorney	\$ 294,134	\$ 294,134	\$ 287,919	\$ 6,215
Total judicial administration	\$ 598,039	\$ 614,103	\$ 594,757	\$ 19,346
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,552,732	\$ 1,552,732	\$ 1,553,332	\$ (600)
Fire and rescue services:				
Volunteer fire department	\$ 157,000	\$ 157,000	\$ 164,297	\$ (7,297)
Volunteer rescue squad	744,881	848,692	812,596	36,096
Total fire and rescue services	\$ 901,881	\$ 1,005,692	\$ 976,893	\$ 28,799
Correction and detention:				
Juvenile group home	\$ 12,500	\$ 12,500	\$ 12,500	\$ -

County of Richmond, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Schedule 2
Page 2 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 88,244	\$ 100,244	\$ 101,115	\$ (871)
Other protection:				
Animal control	\$ 111,060	\$ 111,060	\$ 103,173	\$ 7,887
Medical examiner	400	400	80	320
E-911 system	70,400	560,400	390,605	169,795
Total other protection	<u>\$ 181,860</u>	<u>\$ 671,860</u>	<u>\$ 493,858</u>	<u>\$ 178,002</u>
Total public safety	<u>\$ 2,737,217</u>	<u>\$ 3,343,028</u>	<u>\$ 3,137,698</u>	<u>\$ 205,330</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 4,150	\$ 4,150	\$ 4,585	\$ (435)
Sanitation and waste removal:				
Refuse collection and disposal	\$ 641,100	\$ 641,100	\$ 674,644	\$ (33,544)
Maintenance of general buildings and grounds:				
General properties	\$ 350,962	\$ 337,049	\$ 350,194	\$ (13,145)
Total public works	<u>\$ 996,212</u>	<u>\$ 982,299</u>	<u>\$ 1,029,423</u>	<u>\$ (47,124)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 137,483	\$ 137,483	\$ 135,983	\$ 1,500
Mental health and mental retardation:				
Community services board	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
Welfare:				
Area agency on aging	\$ 7,650	\$ 7,650	\$ 7,650	\$ -
Virginia public assistance	1,812,886	1,812,886	1,828,056	(15,170)
Tax relief for the elderly	-	-	34,760	(34,760)
Children's services act	412,500	512,500	507,833	4,667
Total welfare	<u>\$ 2,233,036</u>	<u>\$ 2,333,036</u>	<u>\$ 2,378,299</u>	<u>\$ (45,263)</u>
Total health and welfare	<u>\$ 2,402,519</u>	<u>\$ 2,502,519</u>	<u>\$ 2,546,282</u>	<u>\$ (43,763)</u>
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 10,710	\$ 10,710	\$ 10,710	\$ -
Contribution to County School Board	4,735,727	4,976,741	4,634,068	342,673
Total education	<u>\$ 4,746,437</u>	<u>\$ 4,987,451</u>	<u>\$ 4,644,778</u>	<u>\$ 342,673</u>

County of Richmond, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Schedule 2
Page 3 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational programs	\$ 41,000	\$ 41,000	\$ 41,000	\$ -
Cultural enrichment:				
Richmond County museum	\$ 18,129	\$ 18,129	\$ 15,460	\$ 2,669
Library:				
Contribution to county library	\$ 96,160	\$ 96,160	\$ 96,160	\$ -
Total parks, recreation, and cultural	\$ 155,289	\$ 155,289	\$ 152,620	\$ 2,669
Community development:				
Planning and community development:				
Planning	\$ 163,224	\$ 163,224	\$ 155,414	\$ 7,810
Economic development	19,500	19,500	14,690	4,810
Northern Neck planning district commission	9,500	9,500	9,500	-
Total planning and community development	\$ 192,224	\$ 192,224	\$ 179,604	\$ 12,620
Environmental management:				
Contribution to soil and water conservation district	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Wetlands board	3,172	3,172	3,406	(234)
Litter and recycling program	4,000	4,000	3,962	38
Total environmental management	\$ 19,172	\$ 19,172	\$ 19,368	\$ (196)
Cooperative extension program:				
Extension office	\$ 50,725	\$ 50,725	\$ 42,655	\$ 8,070
Total community development	\$ 262,121	\$ 262,121	\$ 241,627	\$ 20,494
Nondepartmental:				
Other nondepartmental	\$ 168,742	\$ 221,183	\$ 68,228	\$ 152,955
Capital projects:				
EMS project	\$ 581,946	\$ 581,946	\$ 769,136	\$ (187,190)
Bus garage project	-	-	206,219	(206,219)
Animal shelter project	222,969	222,969	543,372	(320,403)
Other capital projects	-	-	51,220	(51,220)
Total capital projects	\$ 804,915	\$ 804,915	\$ 1,569,947	\$ (765,032)
Debt service:				
Principal retirement	\$ 956,983	\$ 956,983	\$ 956,983	\$ -
Interest and other fiscal charges	849,452	861,693	667,440	194,253
Total debt service	\$ 1,806,435	\$ 1,818,676	\$ 1,624,423	\$ 194,253
Total General Fund	\$ 15,795,789	\$ 16,849,881	\$ 16,738,860	\$ 111,021

County of Richmond, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Schedule 2
Page 4 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Workforce Investment Act Fund:				
Community development:				
Bay Consortium Workforce Investment Board				
Other protection	\$ -	\$ 1,803,384	\$ 1,803,384	\$ -
Total community development	\$ -	\$ 1,803,384	\$ 1,803,384	\$ -
Total Workforce Investment Act Fund	\$ -	\$ 1,803,384	\$ 1,803,384	\$ -
Total Primary Government	\$ 15,795,789	\$ 18,653,265	\$ 18,542,244	\$ 111,021
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instructional costs	\$ 11,086,858	\$ 11,327,872	\$ 11,451,252	\$ (123,380)
Operating costs:				
Administration, attendance and health services	\$ 916,005	\$ 916,005	\$ 959,316	\$ (43,311)
Pupil transportation	987,731	987,731	988,631	(900)
Operation and maintenance of school plant	1,372,515	1,372,515	1,225,185	147,330
Total operating costs	\$ 3,276,251	\$ 3,276,251	\$ 3,173,132	\$ 103,119
Total education	\$ 14,363,109	\$ 14,604,123	\$ 14,624,384	\$ (20,261)
Debt service:				
Principal retirement	\$ -	\$ -	\$ 183,973	\$ (183,973)
Interest and other fiscal charges	-	-	1,766	(1,766)
Total debt service	\$ -	\$ -	\$ 185,739	\$ (185,739)
Total School Operating Fund	\$ 14,363,109	\$ 14,604,123	\$ 14,810,123	\$ (206,000)
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 731,375	\$ 731,375	\$ 582,319	\$ 149,056
Commodities	-	33,579	33,579	-
Total school food services	\$ 731,375	\$ 764,954	\$ 615,898	\$ 149,056
Total education	\$ 731,375	\$ 764,954	\$ 615,898	\$ 149,056
Total School Cafeteria Fund	\$ 731,375	\$ 764,954	\$ 615,898	\$ 149,056
Total Discretely Presented Component Unit - School Board	\$ 15,094,484	\$ 15,369,077	\$ 15,426,021	\$ (56,944)

County of Richmond, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2019	\$ 1,115,970	\$ 676,827	\$ 2,692,882	\$ 1,366,630	\$ 1,712,735	\$ 5,482,484	\$ 150,976	\$ 2,035,917	\$ 612,099	\$ 15,846,520
2018	1,156,714	702,259	2,810,860	1,200,647	1,655,037	5,093,707	142,795	2,181,334	676,629	15,619,982
2017	1,199,922	679,860	2,565,301	1,001,652	1,553,210	5,561,858	128,334	2,336,174	546,455	15,572,766
2016	1,201,406	670,488	2,493,259	1,023,874	1,630,672	7,274,186	88,765	229,255	583,898	15,195,803
2015	1,010,419	672,506	2,387,427	895,848	1,570,764	5,215,355	115,768	233,541	589,396	12,691,024
2014	1,120,423	710,582	2,402,184	846,800	1,690,009	5,642,298	162,972	228,685	575,697	13,379,650
2013	1,073,266	685,595	2,363,407	862,389	1,444,859	5,316,656	614,679	296,212	666,508	13,323,571
2012	1,157,245	701,428	2,205,361	968,585	1,480,014	4,888,913	385,484	210,363	306,399	12,303,792
2011	1,189,224	696,062	2,308,389	818,640	1,521,335	5,390,116	120,655	217,423	185,898	12,447,742
2010	1,247,741	707,540	1,967,062	826,963	1,504,350	4,819,073	165,934	165,662	470,384	11,874,709

County of Richmond, Virginia
 Government-Wide Revenues
 Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES									
	Charges for Services	Operating Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Not Restricted to Specific Programs	Contributions from Richmond IDA	Contributions	Total		
2019	\$ 502,285	\$ 4,597,607	\$ 8,475,342	\$ 1,712,840	\$ 95,241	\$ 56,022	\$ 1,133,335	\$ -	\$ -	\$ 16,572,672			
2018	496,099	4,946,946	8,298,459	1,504,943	46,929	165,675	1,145,684	-	-	16,604,735			
2017	464,313	4,775,138	8,097,044	1,595,454	22,904	80,301	1,118,371	-	-	16,153,525			
2016	436,188	2,933,962	7,682,309	1,508,226	16,539	149,040	1,144,085	-	-	13,870,349			
2015	413,529	2,600,508	7,360,601	1,323,118	31,078	184,290	1,204,750	75,000	-	13,192,874			
2014	421,007	3,055,840	7,157,053	1,491,479	232,585	119,088	1,146,354	-	-	13,623,406			
2013	434,520	2,353,317	7,171,701	1,368,449	62,614	59,131	1,151,877	-	-	12,601,609			
2012	475,971	1,977,184	7,099,394	1,274,484	37,213	78,501	1,156,517	-	-	12,099,264			
2011	499,826	2,200,305	5,812,489	1,306,532	64,972	58,253	1,210,495	-	-	11,152,872			
2010	321,894	2,457,852	5,503,475	1,209,769	88,122	78,697	1,171,538	-	-	10,831,347			

County of Richmond, Virginia
 General Governmental Expenditures by Function (1)
 Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2019	\$ 1,129,077	\$ 594,757	\$ 3,137,698	\$ 1,029,423	\$ 2,546,282	\$ 15,250,992	\$ 152,620	\$ 2,045,011	\$ 68,228	\$ 1,810,162	\$ 27,764,250
2018	1,076,488	571,533	3,006,303	1,034,255	2,505,914	14,751,040	142,532	2,177,947	49,128	1,808,739	27,123,879
2017	1,138,798	557,419	2,661,534	991,323	2,174,990	14,691,720	128,386	2,334,403	67,957	1,718,644	26,465,174
2016	1,221,390	629,439	2,732,816	1,041,407	2,222,780	14,466,568	167,886	217,722	66,227	1,633,827	24,400,062
2015	1,001,344	654,643	2,564,027	904,524	2,170,967	13,961,741	146,032	242,690	43,544	1,597,674	23,287,186
2014	1,090,274	632,107	2,590,816	848,147	2,390,932	13,857,177	141,032	228,823	68,970	1,474,862	23,323,140
2013	1,020,637	606,017	2,540,282	864,220	2,060,587	13,279,129	140,886	267,170	168,483	1,057,085	22,004,496
2012	1,108,803	634,017	2,351,954	902,538	1,897,136	12,603,436	141,132	238,211	124,402	3,686,465	23,688,094
2011	1,164,161	608,545	2,279,225	832,318	1,847,211	12,441,861	137,909	274,025	140,371	724,236	20,449,862
2010	1,190,412	662,736	2,488,050	882,014	1,509,373	13,019,411	144,436	275,542	150,988	846,569	21,169,531

(1) Includes general and special revenue funds of the Primary Government, and its Discretely Presented Component Unit-School Board; excludes capital projects expenditures.

County of Richmond, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2019	\$ 8,449,105	\$ 1,712,840	\$ 57,859	\$ 42,323	\$ 99,632	\$ 438,830	\$ 222,081	\$ 904,762	\$ 16,080,401	\$ 28,007,833
2018	8,369,159	1,504,943	80,149	50,298	47,622	455,063	336,932	992,723	16,069,022	27,905,911
2017	8,196,389	1,595,454	46,744	42,184	37,418	472,121	302,813	688,818	15,389,005	26,770,946
2016	7,647,553	1,508,226	54,875	41,110	20,598	460,271	555,726	829,382	13,047,621	24,165,362
2015	7,431,289	1,323,118	58,390	37,152	25,025	436,648	275,897	946,669	12,554,441	23,088,629
2014	7,118,755	1,491,479	53,928	29,785	207,402	447,874	152,141	1,002,971	12,205,371	22,709,706
2013	7,184,262	1,368,449	55,131	26,108	28,612	478,419	206,356	1,186,869	11,059,627	21,593,833
2012	6,972,485	1,274,484	48,535	21,860	25,029	577,097	235,248	904,951	10,752,740	20,812,429
2011	5,955,280	1,306,532	53,247	26,086	65,099	575,620	141,161	738,210	11,003,032	19,864,267
2010	5,324,410	1,209,769	53,083	31,958	88,280	439,430	115,188	629,433	11,760,077	19,651,628

(1) Includes general and special revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board; excludes capital projects funds.

Table 5

County of Richmond, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1, 2)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Delinquent Taxes to Tax Levy		
2019	\$ 9,132,382	\$ 8,815,793	96.53%	\$ 203,967	9,019,760	98.77%	\$ 267,301	2.93%	
2018	8,965,692	8,739,107	97.47%	248,563	8,987,670	100.25%	254,106	2.83%	
2017	8,808,383	8,427,059	95.67%	358,576	8,785,635	99.74%	292,770	3.32%	
2016	8,357,577	7,995,339	95.67%	244,771	8,240,110	98.59%	410,884	4.92%	
2015	8,129,588	7,772,456	95.61%	294,468	8,066,924	99.23%	385,381	4.74%	
2014	7,972,187	7,599,200	95.32%	223,201	7,822,401	98.12%	443,024	5.56%	
2013	7,850,271	7,630,099	97.20%	240,504	7,870,603	100.26%	362,749	4.62%	
2012	7,811,023	7,485,794	95.84%	186,686	7,672,480	98.23%	379,082	4.85%	
2011	6,670,585	6,363,482	95.40%	283,844	6,647,326	99.65%	252,172	3.78%	
2010	6,025,304	5,878,951	97.57%	169,423	6,048,374	100.38%	323,834	5.37%	

(1) Exclusive of penalties and interest.

(2) Delinquent tax collections are exclusive of land redemptions.

County of Richmond, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)			Total
					Real Estate	Real Estate	Personal Property	
2019	\$ 803,825,024	\$ 70,041,071	\$ 4,721,940	\$ 1,947,780	\$ 75,657,362	\$ 1,686,879	\$ 957,880,056	
2018	802,339,284	66,559,619	4,711,590	1,879,500	73,189,440	1,786,937	950,466,370	
2017	795,835,664	64,488,034	4,049,620	1,827,220	63,132,163	1,614,273	930,946,974	
2016	791,569,124	61,822,591	3,405,019	1,798,680	59,110,301	1,499,177	919,204,892	
2015	782,102,928	60,970,573	3,317,151	1,769,910	61,611,846	1,384,915	911,157,323	
2014	784,551,166	59,139,690	3,485,854	1,736,997	53,094,641	1,530,251	903,538,599	
2013	783,877,464	56,013,615	3,316,309	1,626,543	54,904,120	1,478,343	901,216,394	
2012	784,113,367	56,928,760	2,419,874	1,645,530	45,720,172	1,157,333	891,985,036	
2011	535,213,370	55,959,138	2,926,283	1,647,700	27,847,132	861,618	624,455,241	
2010	531,312,380	53,760,890	3,079,608	1,690,180	37,964,495	1,206,024	629,013,577	

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Richmond, Virginia
Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Public Utility	
					Real Estate	Personal Property
2019	\$ 0.70	\$ 3.75	\$ 0.40	\$ 3.50	\$ 0.70	\$ 3.75
2018	0.70	3.75	0.40	3.50	0.70	3.75
2017	0.70	3.75	0.40	3.50	0.70	3.75
2016	0.67	3.75	0.40	3.50	0.67	3.75
2015	0.67	3.50	0.01	3.50	0.67	3.50
2014	0.67	3.50	0.01	3.50	0.67	3.50
2013	0.67	3.50	0.01	3.50	0.67	3.50
2012	0.67	3.50	0.01	3.50	0.67	3.50
2011	0.79	3.50	0.01	3.50	0.79	3.50
2010	0.70	3.50	0.50	3.50	0.70	3.50

Table 8

County of Richmond, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands)(2)	Gross and Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2019	9,254	\$ 957,880	\$ 14,433,868	1.51%	\$ 1,560
2018	9,254	950,466	14,987,305	1.58%	1,620
2017	9,254	930,947	15,528,235	1.67%	1,678
2016	9,254	919,205	16,061,983	1.75%	1,736
2015	9,254	911,157	16,588,442	1.82%	1,793
2014	9,254	903,539	17,107,931	1.89%	1,849
2013	9,254	901,216	17,564,950	1.95%	1,898
2012	9,254	891,985	2,959,216	0.33%	320
2011	9,254	624,455	3,207,433	0.51%	347
2010	9,254	629,014	3,458,563	0.55%	374

(1) Center for Weldon Cooper Public Service at the University of Virginia from 2000 and 2010 census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases,
and compensated absences.



Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of the Board of Supervisors
County of Richmond
Warsaw, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the County of Richmond, Virginia's basic financial statements and have issued our report thereon dated November 22, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Richmond Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Richmond, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Richmond, Virginia's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Richmond, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 22, 2019



Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Members of the Board of Supervisors
County of Richmond
Warsaw, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of Richmond, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Richmond, Virginia's major federal programs for the year ended June 30, 2019. County of Richmond, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Richmond, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Richmond, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Richmond, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Richmond, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of County of Richmond, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Richmond, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Richmond, Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 22, 2019

County of Richmond, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Health and Human Services:				
Pass-Through Payments:				
<i>Department of Social Services:</i>				
Promoting Safe and Stable Families	93.556	0950118/0950119		\$ 7,356
Temporary Assistance for Needy Families (TANF Cluster)	93.558	0400118/0400119		84,606
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118/0500119		40
Low-Income Home Energy Assistance	93.568	0600418/0600419		14,457
Child Care Mandatory and Matching Funds of the Child				
Care and Development Fund (CCDF Cluster)	93.596	0760118/0760119		15,952
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118/0900119		101
Foster Care - Title IV-E	93.658	1100118/1100119		65,899
Adoption Assistance	93.659	1120118/1120119		27,729
Social Services Block Grant	93.667	1000118/1000119		56,854
Chafee Foster Care Independence Program	93.674	9150118/9150119		775
Children's Health Insurance Program	93.767	0540118/0540119		2,974
Medical Assistance Program (Medicaid Cluster)	93.778	1200118/1200119		<u>138,069</u>
Total Department of Health and Human Services				<u>\$ 414,812</u>
Department of Agriculture:				
Direct Payments:				
Community Facilities Loans and Grants (Community, Facilities, Loans and Grants Cluster)	10.766	N/A		\$ 60,000
Pass-Through Payments:				
Child Nutrition Cluster:				
<i>Department of Agriculture:</i>				
Food Distribution	10.555	17901-45707	\$ 33,579	
<i>Department of Education:</i>				
National School Lunch Program	10.555	17901-40623	350,269	
			<u>\$ 383,848</u>	
School Breakfast Program	10.553	17901-40591	139,685	
<i>Department of Health:</i>				
Summer Food Service Program for Children	10.559	17901	6,750	\$ 530,283
<i>Department of Agriculture:</i>				
State Administrative Expenses for Child Nutrition	10.560	17901-86507		350
<i>Department of Social Services:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010118/0010119		<u>121,658</u>
Total Department of Agriculture				<u>\$ 712,291</u>

County of Richmond, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Labor:				
Pass Through Payments:				
<i>Virginia Community College System:</i>				
WIOA Cluster:				
WIOA Adult Program	17.258	Not Available	\$ 602,072	\$ 602,072
WIOA Youth Activities	17.259	Not Available	547,816	547,816
WIOA Dislocated Worker Formula Grants	17.278	Not Available	653,496	<u>653,496</u>
				<u>1,803,384</u>
Total Department of Labor				<u>\$ 1,803,384</u>
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	390002-501431		<u>\$ 44,491</u>
Department of Transportation:				
Pass-Through Payments:				
<i>Department of Motor Vehicles:</i>				
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-55138/55144		<u>\$ 19,477</u>
Department of Education:				
Pass-Through Payments:				
<i>Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	17901-42901		\$ 277,077
Special Education Cluster:				
Special Education - Grants to States	84.027	17901-43071	\$ 238,736	
Special Education - Preschool Grants	84.173	17901-62501	<u>23,774</u>	262,510
Career and Technical Education - Basic Grants to States	84.048	17901-61095		20,343
Rural Education	84.358	17901-43481		396
English Language Acquisition State Grants	84.365	17901-60512		1,834
Supporting Effective Instruction State Grant	84.367	17901-61480		67,150
Student Support and Academic Enrichment Program	84.424	17901-60019		<u>19,527</u>
Total Department of Education				<u>\$ 648,837</u>
Department of Defense:				
Direct Payments:				
Junior ROTC	12.U01	N/A		<u>\$ 41,213</u>
Total Expenditures of Federal Awards			<u>\$ 1,803,384</u>	<u>\$ 3,684,505</u>

See accompanying notes to schedule of expenditures of federal awards.

County of Richmond, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Richmond, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Richmond, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Richmond, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 873,405
Special Revenue Funds:	
Workforce Investment Act Fund	1,803,384
Total primary government	\$ 2,676,789

Component Unit School Board:

School Operating Fund	\$ 1,187,104
School Cafeteria Fund	33,579
Total Component Unit School Board	\$ 1,220,683

Total federal expenditures per basic financial statements	\$ 3,897,472
---	--------------

Add: USDA loan proceeds	\$ 35,000
Less: Federal interest subsidy	(224,681)
Less: Payment in Lieu of Taxes	(23,286)
	(23,286)

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ 3,684,505
---	--------------

Note 5 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 6 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

County of Richmond, Virginia
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? _____ yes ✓ _____ no
 Significant deficiency(ies) identified? _____ yes ✓ _____ none reported
 Noncompliance material to financial statements noted? _____ yes ✓ _____ no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ yes ✓ _____ no
 Significant deficiency(ies) identified? _____ yes ✓ _____ none reported
 Type of auditors' report issued on compliance
 for major programs: unmodified
 Any findings disclosed that are required to be
 reported in accordance with 2 CFR section 200.516(a)? _____ yes ✓ _____ no

Identification of major programs:

CFDA Number(s)
 17.258/17.259/17.278

Name of Federal Program or Cluster
 WIOA Cluster

Dollar threshold used to distinguish between type A
 and type B programs: \$750,000

Auditee qualified as low-risk auditee? ✓ _____ yes _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Richmond, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

There were no prior year findings.